

January 27, 2000

TO: T. J. Payne
FROM: R. L. Mozingo
SUBJECT: Weekly Status Report - State Government Relations

- Taxes

A bill was introduced in the New York Senate that would appropriate non-earmarked funds from existing tobacco tax revenue to counties to help cover the 25% share of indigent health care costs that counties are required to pay under the recently-passed Health Care Reform Act of 2000. The bill was referred to the Senate Health Committee.

In California, opponents of Proposition 28, which would repeal the 50-cent tax increase approved by voters in 1998, ran full-page ads in the state's major newspapers imploring Philip Morris to stay out of the repeal effort. The ads claim a 30% reduction in smoking since the tax was enacted; they cite PM's youth non-smoking media campaign, and conclude that one of the best ways for PM to help curb youth smoking is to leave the \$5.00 per carton tax in place.

State Representative Vince Hughes of Pennsylvania held a press conference to announce his proposal to extend the state's indigent health care to families whose incomes are at 150% of the poverty level or below. Citing the New York Health Care Reform Act, Hughes proposes to pay for his plan by increasing the tax on cigarettes by 50¢ per pack (from 31 to 81¢). No legislation has been filed to date.

- Marketing, Sales, Advertising Restrictions

The New York Assembly Health Committee passed legislation to ban self-service displays of tobacco products in retail outlets. The committee also passed a bill that would ban the sale of cigarettes through vending machines. Both measures were referred to the Assembly Codes Committee.

- Marketing, Sales, Advertising Restrictions (cont'd)

A House bill was introduced in Indiana to prohibit the retail sales of tobacco products except during the hours of midnight and 6:00 a.m. Indiana imposes a curfew law on minors age 15 to 17 and this bill would eliminate the possibility of minors having access to tobacco products. This is definitely a new approach to limit the marketing of tobacco products.

An omnibus tobacco bill in the Washington Senate, introduced at the request of the Governor and the State Attorney General, passed out of the Senate Ways & Means Committee this week and was referred to Senate Rules. Among other things, the bill would impose a statewide ban on self-service displays and give local boards of health broad regulatory authority over tobacco products.

- Product Liability

The sponsor of a Senate bill in California that would permit statistical evidence in lawsuits against tobacco companies moved the bill out of the inactive file this week and will likely try to bring it up for a Senate floor vote. If the bill does not pass the Senate by 1/31, it will be dead for the session. In addition to direct lobbying, we have activated an industry grassroots program to generate contacts by constituents in key Senate districts with those members.

- Gray Market

The Gray Market bill in South Dakota came out of Committee Wednesday on a 6-1 vote. The bill goes to the Senate floor where it could be heard as early as Thursday.

The Joint Commerce and Labor Committee in Massachusetts issued a favorable report to legislation banning the sale of gray market cigarettes.

The hearing of the Kansas Gray Market bill went well on Wednesday and will likely be voted on in Committee Thursday.

The Utah Gray Market bill has been favorably amended, and a new sponsor has been found.

- Gray Market (cont'd)

A bill prohibiting the sale of gray market cigarettes in Maine was introduced in the Senate and referred to the Joint Taxation Committee.

The New Hampshire Senate Ways and Means Committee heard a bill to prohibit the sale of gray market cigarettes in the state. No testimony was offered in opposition to the measure. Final action was not taken.

The Indiana House Health Committee has approved an MSA bill, which includes Gray Market language, and the legislation has been referred to the Ways and Means Committee. The measure is expected to pass the full House within the next week. A stand-alone Gray Market bill, pending in the Senate Judiciary Committee, is dead. The chairman of the committee has told industry lobbyists that a hearing will not be held and the Senate will address the issue when the legislation reaches the Senate. As a side note, Governor O' Bannon supports the House MSA legislation.

The Minnesota Department of Revenue has agreed to introduce Gray Market legislation as a part of its legislative agenda. There are some concerns that the language will not be as broad as the industry would prefer. However, House and Senate leadership has expressed strong support for the legislation, and amendments will be introduced to take care of industry concerns. The Minnesota Legislature convenes on February 1.

There are several Gray Market bills being drafted in Iowa. One is the industry model bill and the AG is considering another measure. The AG is aware of our concerns, and industry personnel are trying to obtain support from his staff. A strategy meeting has been scheduled for next week in Des Moines.

- Smoking Restrictions

A bill in Utah similar to the one run last year will be introduced to ban smoking in all airports.

Legislation was introduced in the New Jersey Assembly that would prohibit smoking in shopping malls. The bill was referred to the Assembly Health Committee.

- Smoking Restrictions (cont'd)

New York City Council Speaker Peter Vallone has proposed a hearing late next month to discuss expanding the city's restaurant smoking ban to small restaurants and bars. No firm date has been scheduled.

A hearing has been scheduled for February 4, 2000 in the Maine Joint Health and Human Services Committee on a newly introduced bill that would extend the state's restaurant smoking ban to bars, taverns and lounges.

Also in Maine, a bill was introduced that would repeal an outdated law dealing with smoking in public places. The bill was referred to the Joint Criminal Justice Committee.

A bill has been introduced in South Dakota to ban smoking in all public places. No hearing has been set.

The city council in Grant's Pass, OR voted 6-1 to ban smoking in all outdoor city parks. Smoking is permitted in parking lots and on days when major events are not scheduled at a park, smoking will be permitted in areas away from "crowds and activities." The city also plans to set up "smokers' gardens" in parks.

- Ingredients

An ingredient disclosure bill introduced in New Jersey last week was referred to the Assembly Health Committee.

The Assembly Health Committee in New York passed a bill that would require tobacco manufacturers to disclose potentially toxic ingredients in their products. The bill was referred to the Assembly Codes Committee.

- MSA Legislation

Two bills relating to the settlement were introduced in the New Jersey Assembly and referred to the Assembly Health Committee. One would appropriate MSA funds for smoking prevention and educational services and the other would allocate funds for unspecified health-related purposes.

- MSA Legislation (cont'd)

A bill was filed in the Rhode Island House relating to unspecified allocation of MSA funds. It was referred to the House Finance Committee.

A bill was introduced in Maine that would allocate settlement funds for medical treatment of individuals with diseases attributed to smoking or second-hand tobacco smoke. The legislation was referred to the Joint Health and Human Services Committee.

MSA companion bills were introduced in Iowa to allocate funding for the Safe Schools Infrastructure Block Grant Program. This legislation is the first of many proposals to be introduced during the session. The governor, AG, and the Legislature all have different priorities.

With some 12 proposals being introduced and/or debated in Illinois, everyone has agreed to disagree. The governor, the AG, committee chairmen, the Republican Senate and the Democratic House have presented different ideas and approaches for the appropriation of MSA funds. The latest proposal by the state comptroller is to give a family with five or more dependent children a check for \$250 each year.

The California chapter of the American College of Emergency Physicians, with the backing of the California Medical Association, has drafted a ballot measure that would require the state to spend all of its MSA money on health programs. If these groups proceed with this effort and gather the required petition signatures, it would be on the November 2000 ballot. Newspaper reports indicate the governor "is waging an intense behind-the-scenes effort to pressure the doctors' groups to drop the planned initiative."

Three MSA-related bills were filed in Vermont. The first would enact the MSA model bill and was referred to the House Ways and Means Committee. The second, referred to the House Appropriations Committee, would authorize the state treasurer to invest moneys in the Tobacco Litigation Settlement Fund. And the third would allocate MSA funds for scholarships for Vermonters who agree to refrain from smoking as long as they are receiving funds. This was referred to the House Education Committee.

- Youth

Legislation in Ohio to prohibit minors from possessing, using, purchasing, or receiving cigarettes and other tobacco products, will be heard in the Senate Judiciary Committee early next week. Another bill that provides a defense for retailers when an ID scanner is used was reported from the Senate Ways and Means Committee, and floor action is expected within the next week.

Eight bills designed to reduce youth access to tobacco products were introduced in the New Jersey Assembly last week and referred to the Assembly Health Committee. The proposed measures would prohibit tobacco advertising within 500 feet of schools, prohibit the sale of tobacco products through vending machines, prohibit the use or purchase of tobacco products by minors, prohibit smoking by minors in state-funded facilities, prohibit the use of tobacco products on school grounds or at school-sponsored events, prohibit the use of smokeless tobacco products in schools, and prohibit the possession of tobacco products by minors (two separate bills).

In Vermont, legislation was introduced that would prohibit the sale of "bidis" flavored cigarettes. The same sponsor, Representative Anne Seibert, also introduced legislation to prohibit the sale of cigarettes in packages of less than 20 units. Both bills were referred to the House Health and Welfare Committee.

New Jersey Governor, Christine Whitman vetoed legislation that would have prohibited possession or use of tobacco products by minors. She voiced concern that law enforcement officials could not adequately enforce the law.

- Divestment

Legislation was introduced in the New Jersey Assembly that would prohibit the investment of public employee pension funds in tobacco interests and provides for the divestment of current holdings in same. The bill was referred to the Assembly State Government Committee.

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