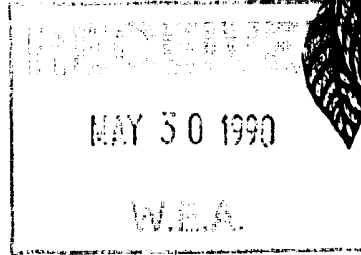


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Executive Summary



From
The
Tobacco
Institute

Friday, May 25, 1990

AT THE FEDERAL LEVEL

- * A report on the May 24 Bentsen hearings on smoking and health has been forwarded separately.
- * Senators Warner, Robb and Sanford have joined Senators Helms and McConnell in placing "hold" letters on the Kennedy bill, S. 1883.
- * Congressman Ronald Machtley (R-RI) has announced his intention to introduce legislation to eliminate the tobacco price support program.

IN THE STATES

- * New York's 6-cent cigarette tax hike was given final legislative passage last week. The bill, which is expected to be signed by Governor Cuomo soon, also raises alcoholic beverage taxes and the corporate income tax and imposes annual fees for tobacco retailers and vending machines. The excise tax increase, which takes effect on June 1, will be collected on floor stocks.
- * The Massachusetts Senate rejected two attempts to amend a 12-cent cigarette tax hike into a major revenue bill last weekend. The first proposed amendment would have earmarked new revenue to local government aid. The second attempt would have used cigarette tax revenue for anti-tobacco media and education programs and other health services. The Senate passed its version of the House bill without including cigarette tax increases. The measure is now ready for conference with the House.
- * A Florida indigent care bill awaits appointment of a conference committee. The House passed its bill with a 9-cent cigarette tax hike and an increase in the rate for other tobacco products. The Senate's version includes a 14-cent cigarette tax hike, no increase in taxes on other tobacco products and several additional tax and fee increases. The House added a 45-percent tax on all other tobacco products to an unrelated measure, and that bill awaits Senate consideration of the amendment.
- * The Missouri legislature adjourned on May 18 after rejecting a 10-percent tax on tobacco products other than cigarettes. The bill had been passed by both houses but foundered on amendments limiting the use of funds in school health services. A workplace and public smoking restriction bill died on the Senate calendar after being passed by the House.

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* Governor DiPrete of Rhode Island released his budget plan this week. It would raise \$77 million in new taxes by extending the retail sales tax to cigarettes, which currently are exempt, and by raising the sales tax rate from 6 to 7 percent through mid-1992.

* The Albuquerque, New Mexico, City Council proposed a ban on alcohol and tobacco billboard advertisements at its May 16 meeting. The proposal may be considered in August. A Cleveland, Ohio, community group met last weekend to rally support for a ban on alcohol and tobacco billboards, but no ordinance has been introduced.

IN OTHER MATTERS

* Citizens for Tax Justice (CTJ) this week hosted about 125 congressional and think tank policy-makers at a "Growth & Equity: Tax Policy Challenges for the 1990s" conference. Sessions on tax progressivity, consumption taxes and communicating about taxes featured speakers such as Sen. Bill Bradley (D-NJ), making a strong case for progressive taxation; Rep. Byron Dorgan (D-ND); CTJ Executive Director Bob McIntyre; AFL-CIO Legislative Director Robert McGlotten; and David Brockway, former chief of staff to the Joint Committee on Taxation. The proceedings of the conference will be published and distributed on Capitol Hill.

* "The federal tax system -- especially its use of excise taxes and the Social Security payroll tax -- treats working mothers and single women unfairly," the UPI lead noted on the release of a study commissioned by the Coalition of Labor Union Women (CLUW) on the impact of federal tax policy on women and children. The study, released Wednesday in Washington in conjunction with CLUW activities surrounding Working Women's Awareness Week, notes that "the regressive nature of payroll and excise taxes places an enormous burden on low- and middle-income families." The study is being promoted with satellite news releases, op-eds and news briefings; copies also are being distributed to Members of Congress.

* This week, Labor Management Committee representatives made indoor air quality and tax presentations to several key labor organizations in Michigan. These included the Michigan Education Association and the education department of the Michigan AFL-CIO. Meetings also were scheduled with state leaders of the Service Employees International Union and the American Federation of State, County and Municipal Employees, since both unions have shown an interest in the indoor air quality issue.