

JAMES SAVARESE
1901 L St., NW, Suite 300 Washington, DC 20038 202-452-9520
AND ASSOCIATES

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TO: Walter Woodson
FROM: James Savarese
RE: Tobacco Industry Labor Management Committee Activities
March 1 - June 10, 1994

This memorandum provides a report on the activities of the Tobacco Industry Labor Management Committee ("LMC") during the period from March 1, 1994 through June 10, 1994. The report is divided into five sections:

1. Federal Taxes/Health Care
2. State Taxes/Health Care
3. Federal Indoor Air Quality/OSHA
4. State Indoor Air Quality/OSHA
5. International Trade Issues

1. Federal Taxes/Health Care

Over the past four months, the Committee has expanded and intensified its direct and grassroots lobbying program on the federal excise tax/health care reform issue. While the political and legislative dynamics of the debate have changed somewhat since last fall, labor's arguments against the tax have remained consistent. The focus of labor's message is jobs, tax fairness and broadbased and reliable financing of health care reform.

Bakery, Confectionery and Tobacco Workers International Union (BC&T) Industry Vice President Robert Curtis submitted testimony to the Senate Finance Committee in conjunction with its opening round of hearings on health care reform in early May. The testimony mirrored that offered before the House Ways and Means Committee November 1993. (Attachment A)

BC&T International President Frank Hurt has personally contacted members of the House and Senate on the issue, thereby reinforcing the efforts of the BC&T and LMC lobbyists. His work has focused primarily on Ways and Means members and tobacco-state representatives. (Attachment B)

The LMC has continued to utilize its remaining state labor consultants to generate state and local labor organization opposition to the tax in targeted congressional districts. Most

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of the grassroots activity has been geared toward House Ways and Means and Rules Committee members.

Among the Members of Congress who have received letters from state and local labor organizations are: Rostenkowski (IL), Reynolds (IL), Kleczka (WI), Levin (MI), Bonior (MI) and Hall (OH). A representative sample of the letters is attached. (Attachment C)

The LMC also has assisted the BC&T in its development of a broad grassroots campaign against the tax. During April 20-22, leadership of the seven largest tobacco local unions came to Washington to deliver their message directly to Capitol Hill.

The LMC arranged the union members' schedules and office appointments, coordinated their travel, developed a briefing book and provided a thorough briefing which included speakers from the Hill, the AFL-CIO and Citizens for Tax Justice (CTJ), the preeminent labor-supported tax policy group in Washington. Over the two-day period, more than 50 congressional visits were conducted. Targeted members included House Ways and Means Committee members and tobacco state representatives.

The follow-up phase of this grassroots effort included local briefings by LMC representatives of BC&T tobacco local unions. Information, including a briefing packet, was provided to the rank-and-file membership of the locals for their use in contacting Members of Congress during district work periods.

The LMC has worked with labor coalition groups, including the A. Philip Randolph Institute, the Labor Council for Latin American Advancement and the Coalition of Labor Union Women on the federal excise tax issue. Over the past four months, these groups have weighed in significantly on the issue on Capitol Hill.

The organizations sent letters to the members of the House Ways and Means Committee in opposition to the \$1.25 tobacco excise tax increase proposal. In addition, each organization submitted testimony to the Senate Finance Committee in conjunction with its hearings on health care reform. The testimony was similar to that offered by the organizations to the House Ways and Means Committee last November. Attached is a representative sample of the letters and testimony. (Attachment D)

Over the past several months, Citizen Action has continued to conduct activities to support progressive financing of comprehensive health care reform. Representatives of the group have met with members and staff of key committees including House Ways and Means, House Energy and Commerce, Senate Finance and Senate Labor to discuss financing issues. In all meetings, the

need for affordable financing based on a percentage of payroll/income was stressed. Alternative approaches such as excise taxes were opposed.

Citizen Action also has organized coalition meetings with dozens of Members of Congress around the country to push for progressive financing with a strong employer mandate and to oppose regressive health care financing.

Finally, during the past several months, Citizens for Tax Justice (CTJ) has stepped up its lobbying efforts on health care reform financing. CTJ prepared an analysis of the 75-cent and \$1.25/pack increase which, among its other findings, demonstrates that both proposals would wipe out 1993s earned income tax credit for working families. These materials were distributed during targeted congressional visits by labor representatives. (Attachment E)

In early May, CTJ prepared a detailed analysis of health care financing and distributed it to the members of the House Ways and Means and Senate Finance Committees as well as to over 500 staffers including those working for the following committees: House Ways and Means, House Energy and Commerce, House Education and Labor, Senate Finance and Senate Labor and Human Resources. In addition, CTJ distributed the document and a press release to over 200 journalists. This document reviewed the various proposals to finance health care reform and found that most, including cigarette excise taxes, are regressive. CTJ recommended progressive financing alternatives based on the ability to pay. (Attachment F)

2. State Taxes/Health Care

LMC resources for state-related activity have been significantly diminished. However, the LMC remains ready to respond to excise tax threats in individual states as appropriate.

For example, the LMC was very much involved in the fight over a proposed excise tax increase in Michigan. The cigarette excise tax increase of 50-cents/pack was included in a statewide ballot initiative concerning school financing. The LMC coordinated numerous activities in opposition to the initiative, including mailings by the state AFL-CIO and UAW to union households throughout the state, articles in union publications during the three-month campaign and distribution of handbills at every UAW plant in the state. (Attachment G)

In addition, the LMC worked closely with The Strategy Group, which developed media contacts on behalf of CTJ. CTJ developed sound labor arguments against the initiative which were included in the several communications delivered to union members. In

addition, The Strategy Group arranged for a series of interviews conducted by CTJ to explain the regressivity of the proposal, including interviews with the Detroit Free Press and the Times. Although the measure passed by a margin of 70-30, union households in Michigan split evenly on the question, and the strongest union areas -- Flint and Detroit -- voted overwhelmingly against the proposal.

3. Federal Indoor Air Quality/OSHA

Since the beginning of the Clinton Administration, the National Energy Management Institute (NEMI), in conjunction with its parent union and LMC member Sheet Metal Workers International Association (SMWIA), has developed a working relationship with the U.S. Department of Labor and in particular with the Department's Occupational Safety and Health Administration (OSHA) in order to discuss federal policy related to indoor air quality and smoking in the workplace.

NEMI officials met several times with OSHA Administrator Joe Dear and key OSHA staff to discuss labor's interest in securing a comprehensive, system-based indoor air quality (IAQ) standard rather than narrow, counter productive regulation pertaining solely to environmental tobacco smoke (ETS).

Moreover, the BC&T and NEMI have successfully represented their joint perspective on IAQ and the role of ETS within the national AFL-CIO structure, especially within the labor federation's own OSHA division. The AFL-CIO itself communicated its support for a broad, system-based regulation to federal OSHA in writing and in meetings with OSHA staff during the course of the last few months. (Attachment H)

Since the issuance of the proposed regulation, the BC&T has assisted the AFL-CIO in formulating a response. While this response is still in the developmental stage, it can be reported that the AFL-CIO is disappointed by the proposed rule and views the sections related to IAQ as wholly inadequate. The AFL-CIO also views the provisions related to restaurants and bars as problematic.

On May 17, 1994, BC&T President Frank Hurt wrote a strongly worded letter to Labor Secretary Reich opposing the path the Department has chosen on the IAQ rulemaking. (Attachment I)

The LMC is working with the BC&T, the Sheet Metal Workers International Association (SMWIA) and the National Energy Management Institute (NEMI) to develop a strategy for improving the final OSHA IAQ rule. As a first step, NEMI has formally requested an extension on the comment period. (Attachment J)

The LMC focused its resources in recent months on opposing H.R. 3434, the "Smoke-Free Environment Act of 1993," introduced by Representative Henry Waxman. Testimony on H.R. 3434 has been provided by BC&T President Frank Hurt, Sheet Metal Workers International Association and NEMI. President Hurt's testimony is attached. (Attachment K) Each of these organizations also addressed the committee members in writing to express their opposition to the Waxman bill. (Attachment L)

In addition, the national AFL-CIO expressed its concerns in writing to Chairman John Dingell and all members of the House Energy and Commerce Committee. (Attachment M) The LMC also coordinated targeted meetings between key committee members and NEMI field representatives and LMC labor personnel.

The LMC also utilized its labor consultants in selected states to generate grassroots lobbying of targeted members of the Energy and Commerce Health Subcommittee on the Waxman bill. A number of state and local labor organizations contacted members of Waxman's subcommittee to express their opposition to the legislation. This supplemented the efforts of the national AFL-CIO, BC&T and SMWIA on this issue. A sample letter to Representative Brown is attached. (Attachment N)

Pressure from organized labor clearly helped postpone a subcommittee vote on H.R. 3434 in March and April. However, the defection of several Republican subcommittee members who had previously opposed the bill gave the chairman the votes he needed to pass the bill out of subcommittee in May.

4. State Indoor Air Quality/OSHA

Despite limited resources for state activity, the LMC took an active role in battling workplace smoking restrictions in Maryland and Washington state. In both states, the state OSHA agencies became involved in the process of developing IAQ regulation. Similarly, anti-smoking advocates participated in attempting to subvert a broad-based approach to IAQ regulation from either within the respective agencies or from outside pressure by anti-smoking groups.

In Maryland, the state AFL-CIO has worked aggressively against narrow ETS regulation. The Maryland AFL-CIO submitted oral and written testimony before the state's OSHA advisory board prior to the issuance of the proposed regulation and continues to oppose the workplace smoking regulation. NEMI and the Sheet Metal Workers testified at the May 3rd Labor and Industry hearing and are preparing to testify at the June 15th AELR hearing on the regulation. (Attachment O) In addition, the LMC is providing assistance to the BC&T and the Baltimore Central Labor Council; both will testify on June 15th.

In Washington, the LMC's state labor consultant secured a seat on the state's IAQ advisory committee and continues to generate opposition to the narrow rule from elected officials and organized labor. Organized labor continues to express its concerns with the proposed rule as the regulatory process continues. (Attachment P)

5. International Trade Issues

The renewed offensive on the part of anti-tobacco activists in Congress and in the Administration to place new restrictions on the export of tobacco products has reopened another front in the battle. The LMC has been working with the BC&T to develop a response to this challenge.

On May 20th, BC&T President Frank Hurt sent a letter to Greg Schneider, director of Consumer Goods at the Office of the U.S. Trade Representative expressing strong opposition to any new restrictions on the export of U.S. tobacco products. (Attachment Q)

The BC&T will continue to press its case on the trade issue with the Administration and Members of Congress.

OTHER ACTIVITIES

To support the direct and grassroots lobbying activities, the LMC has been working with the BC&T Public Relations Department to expand the union's internal and external communications on tobacco issues. Over the past four months, the union has issued numerous press releases particularly in the areas of taxes and IAQ and submitted letters to the editors of national and regional dailies. A sample is attached. (Attachment R) It has also begun a newsletter, "Front Line," devoted to tobacco issues for its tobacco sector members. Attached, is a copy of the first "Front Line" publication. (Attachment S)

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