

STATE TAX PLAN

MASSACHUSETTS

LEGISLATIVE ACTION: September 27, 1990

STATE/LOCALITY: Massachusetts

ISSUE: Taxes

SUMMARY: Cigarette excise tax increase.

SPONSOR: Governor or governor's chosen sponsor.
(Anti-tobacco activists are likely to introduce their own tax bills.
These increases will be very high and probably earmarked.)

COMMITTEE: Joint Committee on Taxation

LEGISLATIVE STATUS: Anticipated 1991 legislation.

INDUSTRY ACTION

The Massachusetts fiscal fiasco is widely known. The on-going confusion and attempts to rectify the mess have nonetheless resulted in a proposed fiscal 1991 budget plan which does not include tobacco taxes. That can and probably should change in order to avoid a Texas-sized tax increase for fiscal 1992.

All of the bets on Massachusetts are complicated by the upcoming gubernatorial race. Dukakis is a crippled duck, Murphy is out of the race, Silber is not necessarily a friend of the industry, and the Republicans may be forced to swallow some more palatable taxes if they are elected. The fact that attention will focus on the race rather than the business of government may postpone a tax hike but lead to a large tax increase rather than the small (4-cents) increase which was proposed in 1990.

Budget cuts will continue. Tax increases continue to be an anathema but appear to be necessary if the state is going to avoid having its bonds rated lower than Kuwait's. Our program must increase the force of argument that a cigarette tax is not "just a sin tax." Alliances with the Citizens for Limited Taxation must be reinforced, but not overtly advertised. This contact could jeopardize some union support and would, therefore, require careful distance.

Generally, the Massachusetts program must:

- (1) enhance alliances with business organizations
- (2) increase organized labor contacts
- (3) utilize member company grassroots programs when appropriate

- (4) continue to build a team effort with member company lobbyists and allied member lobbyists
- (5) encompass a local media relations program to establish credible working relations with print and electronic media.
- (6) prepare for potential opportunities that would allow us to reach an accommodation at a minimal tax rate early in the process, rather than be forced to accept a significant increase later in the process.

RESOURCES NEEDED	YES/NO	DATE NEEDED
ECONOMIC ANALYSIS/FACTSHEET?	YES	1/30/91

Economic analyses must focus on cross-border sales, especially in light of the increased taxes in Rhode Island, New Hampshire and Connecticut. A region-wide analysis is most essential to an effective program addressing the argument of cross-border buying. In addition, materials on regressivity need to be tailored to the Massachusetts smokers' demographics and presented to the union and legislature by Citizens for Tax Justice.

LEGAL MEMORANDUM?	NO	
EXPERT WITNESSES?	YES	1/30/91

Our economic analysis must be prepared by an organization with an unimpeachable reputation for integrity. The organization must be prepared to fully defend its findings and methodology to the legislature, the media and economic experts from the other side. We must avoid the typical "Tell me what you want and I'll produce a study to prove it" mentality we have seen employed by some groups. Some witnesses could be presented as consultants for one of the affected retail or other organizations, if the analysis is well prepared and the allied group feels comfortable with the findings and methodology. However, in the current tax-revolt climate this may not be necessary. Affiliation of any expert witness with support from a local (liberal) economist would also be beneficial. Finally, the presence of Citizens for Tax Justice (David Wilhelm) in the state at the request of the Massachusetts AFL-CIO would be advisable.

COALITION ALLIES?	YES	On-going
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The industry lacks credibility in Massachusetts as in other liberal-leaning New England states. This is not to suggest that our representatives lack credibility. Our carefully built coalitions are, therefore, critical and must be tended. The groups which are helpful are: MA Food Association, MA Automatic Merchandising Council, N.E. Convenience Store Association, N.E. Association of Tobacco & Candy Distributors, MA State Federation AFL-CIO, Citizens for Limited Taxation, and N.E. Coin Machine Industry Council. The specific involvement of these groups varies at any given time but can include direct lobbying, public testimony, phone banking, and mailing campaigns. The access to these groups needs to be controlled and critically timed. We need to avoid overuse and multiple messages.

TI GRASSROOTS MOBILIZATION? **YES** Educational: 4th Qtr. 1990
Action: 1st Qtr. 1991

Grassroots involvement in Massachusetts must follow a two-step program: first of education and second of action. Action will be requested dependent upon legislative movement. Anticipated action requests will probably occur in the second quarter of 1991. Point-of-sale materials distributed by retailers will undoubtedly be a part of action requests. Material mechanicals should be approved by 12/15/90.

COMPANY RESOURCES? **YES** On-going

The continued coordination of strategic action by company field staff will be an important part of the 1991 session. Increased coverage of state house activity is the pay-off. In addition, sales personnel may be called upon for distribution of material.

PUBLIC AFFAIRS/MEDIA RESOURCES? **YES** 1/1/91

Print advertising is a potential part of the program. Unless a local media consultant can be retained for on-going media relations activity, we will rely on Ogilvy & Mather. A local media consultant could also provide "op-ed" pieces and editorial board presentations on a continuing basis. Any advertising program will seek multiple sponsors from among our allies. Support of the LMC representative in the state is critical to our labor program.

ADDITIONAL NEEDS? **YES** 1/1/91

A public relations or media consultant in Massachusetts would be very useful. Massachusetts is one of several states in the region which has a steady stream of local issues. The development of personal credibility among the network of reporters would be of tremendous value.

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