

**A TAX IS A TAX IS A TAX!**

Recent press reports indicate that the Administration may finally have taken the notion of tax increases off the table. In lieu of that very bad idea, the Administration is now pushing an equally bad proposal. According to the October 25, Wall Street Journal, OMB Director Jack Lew has resurrected the unconstitutional "Look-Back" tax, last proposed in the McCain tobacco bill.

Whether it's described as a penalty, a fee, or a look-back, a tax is a tax is a tax.

The Senate Labor-HHS bill includes provisions designed to force noncompliant states to increase their spending on enforcement of tobacco minimum age laws. It does so in lieu of punishing these states into compliance through reduction of certain federal grants.

**IF THE STATES ARE NOT WILLING TO USE THEIR SUBSTANTIAL RESOURCES TO ENFORCE LAWS, WHY SHOULD THE TOBACCO INDUSTRY BE PENALIZED?**

**THE ADMINISTRATION'S PROPOSED LOOKBACK TAXES ARE NOT FAULT BASED. PHILIP MORRIS WILL CHALLENGE THE PROPOSED LOOK-BACK CHARGES ON CONSTITUTIONAL GROUNDS IF ENACTED.**

Attached are additional talking points for your use.

Should you have any questions, please call Philip Morris Federal Government Affairs at (202) 637-1500.

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