

MN-Plan
CCY: Moring
Webster
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6-Jan-88

MEMORANDUM

TO: William A. Cannell
FROM: Michael F. Brozek
Daniel C. Nelson
RE: Minnesota Plan/Status Report

Bill, the following report will continue to serve as our regular summary of project activity in the state of Minnesota pertaining to the "Minnesota Legislative Action Plan."

I. LEGISLATIVE PROGRAM

As previously mentioned in the Minnesota Legislative Action Plan, our focus continues to be a targeted approach to local legislative activity. Specifically, we have commenced direct district level organizational meetings in the following legislative districts:

- . House Speaker Robert Vanasek (DFL-New Prague)
- . House Majority Leader Ann Wynn (DFL-St. Paul)
- . House Minority Leader Bill Schreiber (IR-Brooklyn Park)
- . Senate Majority Leader Roger Moe (DFL-Erskine)
- . Senate Tax Committee Chair Douglas J. Johnson (DFL-Cook)
- . Senate Health Committee Chair Linda Berglin (DFL-Minneapolis)

We will focus individually on each district level effort taking into account member company activity, wholesaler activity, retailer activity and Tobacco Institute interdepartmental staff activity under the "Legislative Support" portion of this report.

As the 1988 legislative session begins, with formal commencement on February 9, 1988, we will face issues of major concern to our industry.

Additionally, through our contacts in the Minnesota Department of Health, the following late developments will most likely evolve into legislative initiatives. Specifically:

- . Senator John Marty (DFL-Roseville) has assigned a legislative intern to do nothing but work on drafting anti-tobacco legislation for the remainder of the session.

Secondly, Senator Marty claims to have found an advertising ban loophole in the form of a precedent setting legal decision in the state of Utah. As this information is being gleaned from "non-quotable" sources, it would be our recommendation that Covington and Burling consider a review of the Utah situation.

MINNESOTA TOBACCO LITIGATION
CONFIDENTIAL

TIMN 457497

6-Jan-88
Minnesota Status Report
W. Cannell - Page 2

- . Additionally, Senator Marty has pursued his anti-tobacco agenda outside of the legislature. There has been extensive controversy surrounding R. J. Reynolds' contract for advertising at the H. H. H. Metrodome. Senator Marty has generated much pressure on the Metrodome commission to not renew RJR's Winston signs on the scoreboard. This issue has been particularly damaging to tobacco interests because the opposition has made this seemingly small matter into a symbolic battle. More disturbing is the fact that a contract exists between R. J. Reynolds and the commission at the Metrodome and any comment on the Tobacco Institute's part would be inappropriate due to the contractual relationship existing. However, TI legislative counsels Tom Kelm and David Horazdovsky have been in contact both in writing and verbally with R. J. Reynolds' representatives in Winston-Salem, North Carolina, keeping them informed of every twist and turn in this matter. Finally, Tobacco Institute staff have been keeping in contact with R. J. Reynolds' sales force representatives Denny Baker and Leslie Gorenson regarding the monitoring of this situation.
- . Although the Minnesota Department of Health has stated confidentially that the department is not planning any major anti-tobacco thrust, the Health Department is noted for its ability to change focus at a moment's notice. Furthermore, with the presence of Health Commissioner Sister Mary Madonna Ashton at the helm of the Health Department, it is not unlikely to expect some "beatific vision" on her part for a new proposal to regulate access to tobacco products.
- . Representative Phyllis Kahn (DFL-Minneapolis), a long-time nemesis of the tobacco industry and author of the original Minnesota Clean Indoor Air Act in 1975, has a new scheme to place mammoth restrictions on this industry. Representative Kahn is planning to utilize language found in the Administrative Rules from New York state as the basis for codified law in Minnesota. In essence, Representative Kahn would transpose the New York language into a legislative form thereby satisfying noted legal concerns with regard to administrative code versus legislative function.
- . Representative Paul Ogren (DFL-Aitkin) has served notice of his intention to finance an indigent health care program with an increase in the cigarette tax. Representative Ogren is the new chairman of the House Health Committee. As we will expand upon later in our "Legislative Support" section in this report, extensive local legislative activity is under way in Representative Ogren's district. Furthermore, it is legislative counsels' opinion that Representative Ogren, a

CONFIDENTIAL:
MINNESOTA TOBACCO LITIGATION

TIMN 457498

6-Jan-88

Minnesota Status Report

W. Cannell - Page 3

smoker himself, will find local legislative input to be "compelling" when deciding whether or not to advance a cigarette tax increase.

- Representative Wes Skoglund (DFL-Minneapolis), a major anti-tobacco activist, is receiving a tremendous amount of media attention concerning his legislation mandating a "fire safe" or "self-extinguishing" cigarette. We are particularly concerned about this measure due to confusing press accounts of the feasibility of a fire-safe product due to the introduction of the new R. J. Reynolds cigarette. Additionally, there is further confusion due to press reports concerning the Interagency Committee on Cigarette and Little Cigar Fire Safety.

With this extremely heavy and dangerous legislative agenda facing the industry in Minnesota, an intensive local effort will continue until adjournment.

II. LEGISLATIVE SUPPORT

The following information will outline our ongoing legislative district level activities for the Minnesota legislative project.

As stated in our formal legislative plan, the tobacco industry has had difficulty developing a local political identity with key legislators in Minnesota. It has been our goal to place a legislator and his or her constituency in a position of direct communication via political, social or business contact. In order to accomplish this, we have undertaken several basic activities and communications programs serving as our targeted, localized legislative interaction program. Specifically:

- Grassroots education seminars/mobilizations.
- Personal meetings with legislators in their home districts.
- Media support activity in legislative districts with an emphasis on business, social, labor and civic groups.
- Labor related interactions, where applicable, in legislators' home districts.
- Legislative education programs for tobacco industry employees during approved business hour presentations.
- Constituent visits to legislators at State Capitol offices during legislative session.
- Development of new partnerships with statewide business concerns, most notably, the Minnesota Grocers Association.
- Serious and accountable interaction with non-industry persons "aggrieved" by punitive or restrictive actions on their working conditions.

CONFIDENTIAL: MINNESOTA TOBACCO LITIGATION

TIMN 457499

6-Jan-88
Minnesota Status Report
W. Cannell - Page 4

A. Legislative Interaction Program - Senate Majority Leader
Roger Moe (DFL-Erskine)

On 12/1/87 an educational seminar for member company representatives, tobacco wholesalers and retailers was held in Moorhead, Minnesota. The thrust of the seminar was in two parts: 1) the attendees were briefed about the legislative process in Minnesota, and 2) information was presented on the economic impact on sales and jobs in the Minnesota/North Dakota border area. In the short time that Minnesota's new excise tax (additional 15 cents, total tax of 38 cents) has been in effect, there has been a noticeable impact on sales. Specifically, Minnesota retailers near the border are losing business to North Dakota.

B. Legislative Interaction Program - Wholesaler Employee
Mobilizations

On 12/2/87, Tobacco Institute staff was allowed, for the first time, to speak directly to employees of a wholesaler operation. Fritz and Company in Newport, Minnesota, allowed TI staff to brief their 50 employees on the economic impacts of Minnesota's repressive tobacco initiatives. Newport is a suburb of St. Paul and is also experiencing a loss of tobacco business to neighboring Wisconsin.

C. Legislative Interaction Program - House Health Committee
Chair - Representative Paul Ogren (DFL-Aitkin)

Scheduled for 1/12/88, are two mobilization seminars designed to enlighten Representative Paul Ogren about tobacco family constituents in his district. First, TI staff will again be allowed to speak directly to employees at Lloyd Cummings & Sons in Duluth, Minnesota. Duluth lies outside Representative Ogren's district, however we are attempting to provide information about the negative effects of Minnesota's anti-tobacco policies to route people that serve territories inside Ogren's district. We expect these route people to compliment our other mobilization efforts. (Constituent visits, phone banks, mailings.)

The second mobilization seminar will be with member company sales force personnel that make sales calls inside Ogren's district.

D. Legislative Interaction Program - House Speaker Robert
Vanasek (DFL-New Prague)

After consultation with TI counsel in Minnesota, we have decided that a full blown grassroots effort such as the seminars mentioned above, is not needed. TI counsel at North State Advisers have direct access to Speaker Vanasek and have imparted

6-Jan-88
Minnesota Status Report
W. Cannell - Page 5

much of the same information that we are focusing on in other districts. We also plan to put member company personnel, that have been pre-briefed, in personal contact with the Speaker as the legislative agenda solidifies.

E. Legislative Interaction Program - Senate Tax Committee Chair
Douglas Johnson (DFL-Cook)

On 1/14/88, in conjunction with the Minnesota State legislative "mini-session", Tobacco Institute staff, specifically, Mssrs. Nelson, Brozek and Merryman, Philip Morris representative Pat Wilson and TI legislative counsels David Horazdovsky and Andrew Kozak will be conducting industry related meetings in the legislative district of Senator Doug Johnson. The so-called "mini-session" will meet without precedent in Virginia, MN, in the heart of the iron range to emphasize the problems facing that geographical area from the standpoint of unemployment, mining and economic development.

Mr. Merryman will be coordinating media activities during the mini-session, while Mssrs. Brozek and Nelson will be coordinating industry related direct legislative contact with Senator Johnson and other members of the Minnesota legislature. Additionally, area wholesalers will be taking part in tobacco/local business orientations with members of the legislature during this legislative mini-session.

F. Legislative Interaction Program - House Majority Leader Ann
Wynia (DFL-St. Paul)

TI legislative counsel and TI staff members have been meeting with Representative Ann Wynia in order to emphasize the industry's presence in her district, as well as to initiate the first legislative meetings between Minneapolis/St. Paul wholesalers and member company sales force.

G. Legislative Interaction Program - House Minority Leader Bill
Schreiber (IR-Brooklyn Park)

Mr. Robert Fritz, owner of Fritz, Inc. of Golden Valley, MN, a major Minnesota wholesaler, has already, under the direction of Tobacco Institute staff, initiated employee level communications with Representative Schreiber. It is important to note that during the 1985 legislative session, when the Republicans were the majority party in the lower house, Representative Schreiber was the author of the five cent cigarette tax increase funding St. Paul sewage and sanitary systems.

CONFIDENTIAL:

MINNESOTA TOBACCO LITIGATION

TIMN 457501

6-Jan-88
 Minnesota Status Report
 W. Cannell - Page 6

H. Legislative Interaction Program - Senate Health Committee
 Chair Linda Berglin (DFL-Minneapolis)

TI legislative counsel Andrew Kozak has scheduled a meeting with Senator Berglin in order to coordinate industry communications with the Senator. Senator Berglin is a noted anti-tobacco legislator, however has a tremendously positive relationship with Mr. Kozak, therefore any input to neutralize Senator Berglin's opposition to our industry, can only be helpful.

Additionally, we will seek to mobilize the employees of Minter-Weisman Company to exert grassroots contacts.

It is important to note that although each of these contact efforts is being targeted to a specific legislative district, metropolitan district lines are situated in a manner to provide double coverage in some instances.

I. Other Legislative Support Activities

- . A public opinion survey has been commissioned by cooperative effort between the Minnesota Grocers Association and the Tobacco Institute will give us hard data about retailer perceptions of lost sales, duty-free sales, cross border trafficking and bootlegging. Details of this survey are outlined in the "Administration" portion of this report. ?
- . Phone banks using names of attendees at mobilization seminars combined with TAN lists and ad hoc lists will reinforce information presented by TI personnel. —
- . Mailings that both inform and mobilize activists will be issued using the same data base as the phone bank program. We are attempting to mail not just at crisis moments, but on an ongoing basis. —
- . Personal visits by constituents with their legislator both in the home district and at the State Capitol in St. Paul will be encouraged. The information that retailers and wholesalers can provide about their own business is, of course, invaluable. The aforementioned poll of Minnesota retailers is designed to provide additional ammunition when a constituent interacts with his/her legislator. This poll will be utilized in our direct lobbying efforts between TI legislative counsel and individual legislators and, if necessary, to be available for media release as the situation permits.
- . Additional phone banks, as used previously in conjunction with Philip Morris and R. J. Reynolds' marketing lists, will again be utilized for the 1988 legislative session.

6-Jan-88
Minnesota Status Report
W. Cannell - Page 7

III. ADMINISTRATION

Strictly, from a staff viewpoint, maintaining control over each component in this effort, and directing the activities of these components solely for a legislative effort is the most complicated aspect of the "Minnesota Legislative Plan".

As regional staff, Washington headquarters staff (State Activities, Public Affairs, Administration and legal) and on-site Minnesota lobbyists and allies are all in agreement with our mission, the following "resource review" and itemized budget will serve as a checklist of our progress until adjournment. Additionally, it is important to note that not all items may be necessary for execution and will depend on the movement of each legislative measure through the committee and hearing process. This "flex-defense" may require a juxtaposing mentality when viewing our resources as a whole.

A. Supplemental Legislative Counsel

It is the opinion of Tobacco Institute Legislative Counsel that when considering the issues that we face in this very short legislative floor period (self-extinguishing, tax increase, advertising ban, smoking restrictions, and vending machine restrictions) it will probably become necessary to retain additional legislative counsel for our 1988 efforts. Mr. Kelm has suggested the names of two people that, if necessary, will be able to supplement and enrich our effectiveness. These lobbyists, a gentleman highly identified with the Senate Tax Committee Chair, and, a woman closely identified with Republican leadership in the Minnesota House of Representatives. Even with these additions, our "Special Project" 1988 budget will still maintain a surplus in that particular line item.

B. Coalition Support

The bulk of our coalition activities in Minnesota during 1988 will be directed at our localized legislative contact programs, wholesaler interaction programs and retailer support.

Specifically, our increasingly successful relationship with the Minnesota Grocers Association and our efforts in working with community groups (Iron Range Food Shelf Charities) are two new areas of real potential for the 1988 legislative year. In consideration of our 1988 "special projects budget" and after careful consideration of our mission, we estimate that a surplus will be maintained in this particular line item.

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6-Jan-88
Minnesota Status Report
W. Cannell - Page 8

MINNESOTA TOBACCO LITIGATION
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C. State Labor Support

Never before has the tobacco industry embarked on such a detailed labor effort in the state of Minnesota. We have already met with officials of the Minnesota Teamsters Union, Minnesota AFSCME Organization and parties extremely close to leadership in the entire Minnesota labor movement and are receiving a positive response particularly in areas of smoking restrictions and their effect on the collective bargaining process. We are budgeting funding for certain specific labor activities from items as small as Teamster testimonial dinner tickets to the retaining of a labor consultant. TI Legislative Counsel, Tom Kelm, has recommended the name of Teamster representative Wes Lane and Susan Stuntz has been able to provide us with the names of Mr. Steve Drass, a gentleman associated with the American Federation of Teachers and Mr. Josh Tilson, a gentleman associated with the Hotel and Restaurant Workers Union. We of course, will maintain the prescribed budget on this particular line item and will work closely with our Public Affairs Division in this area, an area of demonstrated expertise.

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D. Media, Press, Direct Phone and Mail Contact and Editorial Assistance

We are working closely with our Public Affairs Division in this project area. We are very pleased with the results of our initial efforts and consider Public Affairs resources to be crucial and vital to the success of the entire program. Under this particular "Special Project" budgetary area, we will include our direct mail constituent activity, surveys and polling by legislative district, phone banking and legislative response efforts, district level advertising in small weekly newspapers and all activities surrounding constituent/legislative education purposes.

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E. Honoraria Program

Although we have had difficulty in the proper distribution of our Honoraria program in the past (due to legislative reporting requirements) after careful study and exploration, legislative counsel and staff are now confident of a successful and effective use of these Honoraria resources.

IV. Other Items of Note

On January 26, 1988, the Minnesota Legislature's Senate Committee on General Legislation will meet to hear Senate file 1430, legislation to establish a fire safe cigarette. Requests are now under way to Public Affairs and Tobacco Institute Legal Counsel for assistance at this hearing.

TIMN 457504