

May 12, 1993

MEMORANDUM

TO: Bob Lewis
Bob McAdam

FROM: Susan Stuntz *SMY*

Attached are copies of the op-eds that went out today from Brennan Dawson to editors of newspapers in the key tobacco states -- North Carolina, Kentucky, Georgia, South Carolina, Tennessee and Virginia -- comparing Congress' efforts to repeal the luxury tax on boats, jewelry and aircraft to current talk about "monster" tobacco taxes.

Attachments

cc: Sam Chilcote (w/)
Brennan Dawson (w/o)
Cal George (w/)
Walter Woodson (w/)

T117730997

**WHY SHOULD GEORGIA WORKERS BE TREATED DIFFERENTLY
THAN A NEW ENGLAND BOAT MAKER?**

The debate in the nation's capital continues to be on taxes. But, it might not be going the way you probably think.

There is a significant move to repeal the federal luxury tax. At the same time, many are talking about raising the cigarette tax.

Federal excise taxes on luxury items -- boats that cost more than \$100,000, planes for recreational use with price tags over \$250,000 and jewelry selling for more than \$10,000 -- were imposed as a tax on rich people beginning in 1991. Now, many in Washington, D.C., are convinced that the real people who have paid for these taxes are not the wealthy.

According to the Joint Economic Committee, 9,400 workers lost their jobs due to the luxury tax. Approximately 7,600 of those jobs were in the boat industry, 1,470 jobs in the aircraft industry were dashed, while 330 workers in the jewelry business were put out of work.

In the words of the Committee, "Congress does not tax things. It taxes the people who sell and buy cars, boats, planes and jewels ... which in turn leads to lower production levels and employment losses."

Yet, many are calling for a significant increase in the federal cigarette excise tax without regard for the dramatic job losses such a tax would impose.

A 1992 study by the firm of Price Waterhouse estimated that over 681,000 jobs were directly attributable to the production and retailing of tobacco products.

Raising the federal cigarette tax by one dollar a pack would eliminate nearly 116,000 of those jobs -- more than twelve times the job loss associated with the widely condemned luxury tax hikes. Even a doubling of the federal cigarette tax from 24 to 48 cents per pack would lead to the loss of more than 34,000 jobs.

To put that in perspective, almost 29,000 jobs in Georgia are directly related to tobacco. A one dollar increase in the federal cigarette tax could cost Georgia more than 4,800 jobs. Doubling the federal tax would cause employment losses of more than 1,400 jobs in Georgia alone.

In the spirit of the federal reconsideration of the luxury tax, an increase in the federal tobacco tax does not tax tobacco products. It taxes the farmers, factory workers, retailers and hard working Americans who produce and purchase the product. And, that tax could make many workers pay with their jobs.

WHY SHOULD KENTUCKY WORKERS BE TREATED DIFFERENTLY
THAN A NEW ENGLAND BOAT MAKER?

The debate in the nation's capital continues to be on taxes. But, it might not be going the way you probably think.

There is a significant move to repeal the federal luxury tax. At the same time, many are talking about raising the cigarette tax.

Federal excise taxes on luxury items -- boats that cost more than \$100,000, planes for recreational use with price tags over \$250,000 and jewelry selling for more than \$10,000 -- were imposed as a tax on rich people beginning in 1991. Now, many in Washington, D.C., are convinced that the real people who have paid for these taxes are not the wealthy.

According to the Joint Economic Committee, 9,400 workers lost their jobs due to the luxury tax. Approximately 7,600 of those jobs were in the boat industry, 1,470 jobs in the aircraft industry were dashed, while 330 workers in the jewelry business were put out of work.

In the words of the Committee, "Congress does not tax things. It taxes the people who sell and buy cars, boats, planes and jewels ... which in turn leads to lower production levels and employment losses."

Yet, many are calling for a significant increase in the federal cigarette excise tax without regard for the dramatic job losses such a tax would impose.

A 1992 study by the firm of Price Waterhouse estimated that over 681,000 jobs were directly attributable to the production and retailing of tobacco products.

Raising the federal cigarette tax by one dollar a pack would eliminate nearly 116,000 of those jobs -- more than twelve times the job loss associated with the widely condemned luxury tax hikes. Even a doubling of the federal cigarette tax from 24 to 48 cents per pack would lead to the loss of more than 34,000 jobs.

To put that in perspective, more than 61,600 jobs in Kentucky are directly related to tobacco. A one dollar increase in the federal cigarette tax could cost Kentucky almost 10,500 jobs. Doubling the federal tax would cause employment losses of nearly 3,100 jobs in Kentucky alone.

In the spirit of the federal reconsideration of the luxury tax, an increase in the federal tobacco tax does not tax tobacco products. It taxes the farmers, factory workers, retailers and hard working Americans who produce and purchase the product. And, that tax could make many workers pay with their jobs.

WHY SHOULD NORTH CAROLINA WORKERS BE TREATED DIFFERENTLY
THAN A NEW ENGLAND BOAT MAKER?

The debate in the nation's capital continues to be on taxes. But, it might not be going the way you probably think.

There is a significant move to repeal the federal luxury tax. At the same time, many are talking about raising the cigarette tax.

Federal excise taxes on luxury items -- boats that cost more than \$100,000, planes for recreational use with price tags over \$250,000 and jewelry selling for more than \$10,000 -- were imposed as a tax on rich people beginning in 1991. Now, many in Washington, D.C., are convinced that the real people who have paid for these taxes are not the wealthy.

According to the Joint Economic Committee, 9,400 workers lost their jobs due to the luxury tax. Approximately 7,600 of those jobs were in the boat industry, 1,470 jobs in the aircraft industry were dashed, while 330 workers in the jewelry business were put out of work.

In the words of the Committee, "Congress does not tax things. It taxes the people who sell and buy cars, boats, planes and jewels ... which in turn leads to lower production levels and employment losses."

Yet, many are calling for a significant increase in the federal cigarette excise tax without regard for the dramatic job losses such a tax would impose.

A 1992 study by the firm of Price Waterhouse estimated that over 681,000 jobs were directly attributable to the production and retailing of tobacco products.

Raising the federal cigarette tax by one dollar a pack would eliminate nearly 116,000 of those jobs -- more than twelve times the job loss associated with the widely condemned luxury tax hikes. Even a doubling of the federal cigarette tax from 24 to 48 cents per pack would lead to the loss of more than 34,000 jobs.

To put that in perspective, more than 105,000 jobs in North Carolina are directly related to tobacco. A one dollar increase in the federal cigarette tax could cost North Carolina nearly 18,000 jobs. Doubling the federal tax would cause employment losses of almost 5,300 jobs in North Carolina alone.

In the spirit of the federal reconsideration of the luxury tax, an increase in the federal tobacco tax does not tax tobacco products. It taxes the farmers, factory workers, retailers and hard working Americans who produce and purchase the product. And, that tax could make many workers pay with their jobs.

WHY SHOULD SOUTH CAROLINA WORKERS BE TREATED DIFFERENTLY
THAN A NEW ENGLAND BOAT MAKER?

The debate in the nation's capital continues to be on taxes. But, it might not be going the way you probably think.

There is a significant move to repeal the federal luxury tax. At the same time, many are talking about raising the cigarette tax.

Federal excise taxes on luxury items -- boats that cost more than \$100,000, planes for recreational use with price tags over \$250,000 and jewelry selling for more than \$10,000 -- were imposed as a tax on rich people beginning in 1991. Now, many in Washington, D.C., are convinced that the real people who have paid for these taxes are not the wealthy.

According to the Joint Economic Committee, 9,400 workers lost their jobs due to the luxury tax. Approximately 7,600 of those jobs were in the boat industry, 1,470 jobs in the aircraft industry were dashed, while 330 workers in the jewelry business were put out of work.

In the words of the Committee, "Congress does not tax things. It taxes the people who sell and buy cars, boats, planes and jewels ... which in turn leads to lower production levels and employment losses."

Yet, many are calling for a significant increase in the federal cigarette excise tax without regard for the dramatic job losses such a tax would impose.

A 1992 study by the firm of Price Waterhouse estimated that over 681,000 jobs were directly attributable to the production and retailing of tobacco products.

Raising the federal cigarette tax by one dollar a pack would eliminate nearly 116,000 of those jobs -- more than twelve times the job loss associated with the widely condemned luxury tax hikes. Even a doubling of the federal cigarette tax from 24 to 48 cents per pack would lead to the loss of more than 34,000 jobs.

To put that in perspective, more than 17,200 jobs in South Carolina are directly related to tobacco. A one dollar increase in the federal cigarette tax could cost South Carolina nearly 3,000 jobs. Doubling the federal tax would cause employment losses of more than 850 jobs in South Carolina alone.

In the spirit of the federal reconsideration of the luxury tax, an increase in the federal tobacco tax does not tax tobacco products. It taxes the farmers, factory workers, retailers and hard working Americans who produce and purchase the product. And, that tax could make many workers pay with their jobs.

WHY SHOULD TENNESSEE WORKERS BE TREATED DIFFERENTLY
THAN A NEW ENGLAND BOAT MAKER?

The debate in the nation's capital continues to be on taxes. But, it might not be going the way you probably think.

There is a significant move to repeal the federal luxury tax. At the same time, many are talking about raising the cigarette tax.

Federal excise taxes on luxury items -- boats that cost more than \$100,000, planes for recreational use with price tags over \$250,000 and jewelry selling for more than \$10,000 -- were imposed as a tax on rich people beginning in 1991. Now, many in Washington, D.C., are convinced that the real people who have paid for these taxes are not the wealthy.

According to the Joint Economic Committee, 9,400 workers lost their jobs due to the luxury tax. Approximately 7,600 of those jobs were in the boat industry, 1,470 jobs in the aircraft industry were dashed, while 330 workers in the jewelry business were put out of work.

In the words of the Committee, "Congress does not tax things. It taxes the people who sell and buy cars, boats, planes and jewels ... which in turn leads to lower production levels and employment losses."

Yet, many are calling for a significant increase in the federal cigarette excise tax without regard for the dramatic job losses such a tax would impose.

A 1992 study by the firm of Price Waterhouse estimated that over 681,000 jobs were directly attributable to the production and retailing of tobacco products.

Raising the federal cigarette tax by one dollar a pack would eliminate nearly 116,000 of those jobs -- more than twelve times the job loss associated with the widely condemned luxury tax hikes. Even a doubling of the federal cigarette tax from 24 to 48 cents per pack would lead to the loss of more than 34,000 jobs.

To put that in perspective, more than 21,600 jobs in Tennessee are directly related to tobacco. A one dollar increase in the federal cigarette tax could cost Tennessee nearly 3,700 jobs. Doubling the federal tax would cause employment losses of over 1,000 jobs in Tennessee alone.

In the spirit of the federal reconsideration of the luxury tax, an increase in the federal tobacco tax does not tax tobacco products. It taxes the farmers, factory workers, retailers and hard working Americans who produce and purchase the product. And, that tax could make many workers pay with their jobs.

WHY SHOULD VIRGINIA WORKERS BE TREATED DIFFERENTLY
THAN A NEW ENGLAND BOAT MAKER?

The debate in the nation's capital continues to be on taxes. But, it might not be going the way you probably think.

There is a significant move to repeal the federal luxury tax. At the same time, many are talking about raising the cigarette tax.

Federal excise taxes on luxury items -- boats that cost more than \$100,000, planes for recreational use with price tags over \$250,000 and jewelry selling for more than \$10,000 -- were imposed as a tax on rich people beginning in 1991. Now, many in Washington, D.C., are convinced that the real people who have paid for these taxes are not the wealthy.

According to the Joint Economic Committee, 9,400 workers lost their jobs due to the luxury tax. Approximately 7,600 of those jobs were in the boat industry, 1,470 jobs in the aircraft industry were dashed, while 330 workers in the jewelry business were put out of work.

In the words of the Committee, "Congress does not tax things. It taxes the people who sell and buy cars, boats, planes and jewels ... which in turn leads to lower production levels and employment losses."

Yet, many are calling for a significant increase in the federal cigarette excise tax without regard for the dramatic job losses such a tax would impose.

A 1992 study by the firm of Price Waterhouse estimated that over 681,000 jobs were directly attributable to the production and retailing of tobacco products.

Raising the federal cigarette tax by one dollar a pack would eliminate nearly 116,000 of those jobs -- more than twelve times the job loss associated with the widely condemned luxury tax hikes. Even a doubling of the federal cigarette tax from 24 to 48 cents per pack would lead to the loss of more than 34,000 jobs.

To put that in perspective, more than 44,500 jobs in Virginia are directly related to tobacco. A one dollar increase in the federal cigarette tax could cost Virginia more than 7,500 jobs. Doubling the federal tax would cause employment losses of about 2,225 jobs in Virginia alone.

In the spirit of the federal reconsideration of the luxury tax, an increase in the federal tobacco tax does not tax tobacco products. It taxes the farmers, factory workers, retailers and hard working Americans who produce and purchase the product. And, that tax could make many workers pay with their jobs.

THE TOBACCO INSTITUTE

1875 I STREET, NORTHWEST
WASHINGTON, DC 20006
202/457-4800 • 800/424-9876

BRENNAN M. DAWSON
Vice President
Public Affairs
202/457-4877

May 12, 1993

Mr. Will Curtis
Asheville Citizen-Times
P.O. Box 2090
Asheville, NC 28802

Dear Mr. Curtis:

Should the federal excise tax on cigarettes be raised? Enclosed for your consideration is an op-ed that takes a new look at the federal cigarette excise tax issue. In the enclosed op-ed, we compare the estimated effects of the cigarette tax to the current reconsideration of the luxury tax.

Please feel free to contact me should you have any questions.

Sincerely yours,



Brennan M. Dawson

Enclosure

GEORGIA

Mr. Ron Smith
Albany Herald
P.O. Box 48
Albany, GA 31703

Mr. Hank Johnson
Athens Banner Herald
P.O. Box 912
Athens, GA 30603-0912

Mr. Jim Wooton
Atlanta Journal/Constitution
P.O. Box 4689
Atlanta, GA 30302

Mr. Philip Kent
Augusta Chronicle
P.O. Box 1928
Augusta, GA 30913

Mr. Billy Winn
Columbus Ledger Enquirer
P.O. Box 711
Columbus, GA 31902

Mr. Ted Oglesby
The Times
P.O. Box 838
Gainesville, GA 30503

Mr. Tom Kerlin
Clayton News Daily
P.O. Box 368
Jonesboro, GA 30237

Mr. Ed Corson
Macon Telegraph
P.O. Box 4167
Macon, GA 31213

Mr. Joe Kirby
Marietta Daily Journal
P.O. Box 449
Marietta, GA 30061

Ms. Peggy Reeves
North Fulton Neighbor
608 Holckolm Bridge
Suite 610
Roswell, GA 30076

Mr. Tom Barton
Savannah News Press
P.O. Box 1088
Savannah, GA 31402

TOTAL GEORGIA DAILIES: 12

KENTUCKY

Mr. John Cannon
The Daily Independent
P.O. Box 311
Ashland, KY 41105

Mr. J. Ray Gaines
Bowling Green Park City Daily News
P.O. Box 90012
Bowling Green, KY 42102-9012

Ms. Chiryl Short
Covington Kentucky Post
421 Madison Avenue
Covington, KY 41011

Mr. David Holwerk
Lexington Herald-Leader
100 Midland Avenue
Lexington, KY 40508

Mr. Keith Runyon
Louisville Courier-Journal
525 West Broadway
Louisville, KY 40202

Mr. Paul Raupp
Owensboro Messenger-Inquirer
P.O. Box 1480
Owensboro, KY 42302

Mr. Don Gordon
Paducah Sun
P.O. Box 2300
Paducah, KY 42002

TOTAL KENTUCKY DAILIES: 7

NORTH CAROLINA

Mr. Will Curtis
Asheville Citizen-Times
P.O. Box 2090
Asheville, NC 28802
704/252-5611

Mr. Don Bolden
The Times News
P.O. Box 481
Burlington, NC 27216
919/227-0131

Mr. Stan Hojnacki
Chapel Hill News
P.O. Box 870
Chapel Hill, NC 27514
919/967-7045

Mr. Ed Williams
Charlotte Observer
P.O. Box 32188
Charlotte, NC 28232
704/358-5000

Mr. Bob Wilson
The Herald Sun
P.O. Box 2092
Durham, NC 27702
919/419-6500

Mr. Charlie Reinken
Fayetteville Observer-Times
P.O. Box 849
Fayetteville, NC 28302
919/323-4848

Mr. Barry Smith
Gaston Gazette
P.O. Box 1538
Gastonia, NC 28053
704/864-3291

Mr. Eugene Price
Goldsboro News-Argus
P.O. Box 10629
Goldsboro, NC 27532
919/778-2211

Mr. Dave Dubuisson
Greensboro News & Record
P.O. Box 20848
Greensboro, NC 27420
919/373-7000

Mr. Larry Dale
Hickory Daily Record
P.O. Box 968
Hickory, NC 28603
704/322-4510

Mr. Tom Blunt
High Point Enterprise
P.O. Box 1009
High Point, NC 27261
919/888-3500

Mr. Steven Ford
Raleigh News & Observer
P.O. Box 191
Raleigh, NC 27602
919/829-4500

Mr. Geitner Simmons
Salisbury Post
P.O. Box 4639
Salisbury, NC 28144
704/633-8950

Mr. Chuck Ries
Wilmington Morning Star
P.O. Box 840
Wilmington, NC 28402
919/343-2000

Mr. John Gates
Winston-Salem Journal
P.O. Box 3159
Winston-Salem, NC 27102
919/727-7211

TOTAL NORTH CAROLINA DAILIES: 15

SOUTH CAROLINA

Ms. Katherine Smith
Anderson Independent
P.O. Box 2507
Anderson, SC 29622

Ms. Barbara Williams
Charleston Post & Courier
134 Columbus Street
Charleston, SC 29403

Mr. Tom McLean
The State
P.O. Box 1333
Columbia, SC 29202

Mr. Richard Whiting
Florence Morning News
P.O. Box 100528
Florence, SC 29501

Mr. Tom Inman
Greenville News
P.O. Box 1688
Greenville, SC 29602

Ms. Fran Smith
Island Packet
P.O. Box 5727
Hilton Head, SC 29938

Mr. Jerry Ausband
Sun News
P.O. Box 406
Myrtle Beach, SC 29578-0406

Mr. James Werrell
The Herald
P.O. Box 11707
Rock Hill, SC 29731

Mr. Huebert Hendricks
Herald-Journal
P.O. Box 1657
Spartanburg, SC 29304

TOTAL SOUTH CAROLINA DAILIES: 9

TENNESSEE

Mr. Lee Anderson
Chattanooga News-Free Press
P.O. Box 1447
Chattanooga, TN 37401-1447

Mr. Mike Loftin
Chattanooga Times
P.O. Box 951
Chattanooga, TN 37401

Mr. Alan Bauer
Jackson Sun
P.O. Box 1059
Jackson, TN 38302

Mr. Tom Hodge
Johnson City Press
P.O. Box 1717
Johnson City, TN 37605

Mr. Ted Como
Kingsport Times-News
P.O. Box 479
Kingsport, TN 37662

Mr. Hoyt Canady
Knoxville News-Sentinel
P.O. Box 59038
Knoxville, TN 37950-9038

Mr. David Vincent
Commercial Appeal
P.O. Box 334
Memphis, TN 38101

Mr. Tony Kessler
The Nashville Banner
P.O. Box 661
Nashville, TN 37202

Mr. C.W. Johnson, Jr.
The Tennessean
P.O. Box 661
Nashville, TN 37202

TOTAL TENNESSEE DAILIES: 9

VIRGINIA

**Ms. Rebecca Masters
The Bristol Herald Courier,
Virginian-Tennessean
P.O. Box 609
Bristol, VA 24203**

**Ms. Anita Shelburne
Daily Progress
P.O. Box 9030
Charlottesville, VA 22906**

**Mr. Ken Flora
Danville Register & Bee
P.O. Box 331
Danville, VA 24543**

**Mr. Ed. Jones
Fredericksburg Free Lance-Star
616 Amelia Street
Fredericksburg, VA 22401**

**Mr. Bob Cramer
Harrisonburg Daily News-Record
P.O. Box 193
Harrisonburg, VA 22801**

**Mr. Bob Wimer
Lynchburg News & Advance
P.O. Box 10129
Lynchburg, VA 24506**

**Mr. Will Molneux
Newport News Daily Press
P.O. Box 746
Newport News, VA 23607**

**Mr. Bill Wood
The Virginian-Pilot,
& The Ledger Star
P.O. Box 449
Norfolk, VA 23501**

**Ms. Linda Johnson
The Progress Index
P.O. Box 71
Petersburg, VA 23804**

Mr. Ross MacKenzie
Richmond Times-Dispatch
P.O. Box 85333
Richmond, Va 23293-0001

Mr. Alan Sorensen
Roanoke Times & World News
P.O. Box 2491
Roanoke, VA 24010

Mr. Alan Fogg
Alexandria Journal
Arlington Journal
Fairfax Journal
2720 Prosperity Avenue
Fairfax, VA 22034

Mr. Luke West
Potomac News
P.O. Box 2470
Woodbridge, VA 22192

TOTAL VIRGINIA DAILIES: 15