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NEW YORK

A STATE ANALYSIS

A. Preface

New York, second among the states in population, ranks high as an agricultural state as well as first among the states in manufacturing in both number of establishments and number of employees. Indeed, it is the great industrial center of the country. New York City is the commercial metropolis of the United States and a tourist capital of the world.

New York is essentially two states -- upstate and downstate. Upstate is rural with its fertile soil producing nearly every kind of fruit, vegetable, grain and forage crop grown in the temperate zone, excluding tobacco. Downstate is urban with a diverse populace. Traditionally, downstate is liberal while upstate tends to be Republican and conservative. The second most populated city of the state is Buffalo. It is Democratic and its political influence is considerable when combined with the New York City metropolitan area. A glaring example of this was the 1982 gubernatorial election where Governor Cuomo only carried the five boroughs of New York City, Albany County, and Erie County (Buffalo). Cuomo's challenger received a majority of votes in the remaining 55 counties. Obviously, New York City is the major political force in the state.

B. State Overview

1. Economic Condition and Outlook

The economic outlook for 1986 is bright. The State enjoyed a revenue surplus in 1985 and indications are similar for 1986. Indeed, the Legislature passed legislation reducing the state personal income tax because of this budget surplus. Additional income tax decreases in 1986 are possible as this year is an election year.

Department of Tax and Finance Chairman Roderick Chu is responsible for the administration of state tax laws and his agency collects the bulk of all state revenues. Chu's department prepares the Governor's recommendations for delivery during his State of the State Address. At this time the Governor proposes his general outline of activity for the year. Governor Cuomo is expected to paint a rosy picture during his January 8th State of the State address.

The state presently collects a 21-cent per pack excise tax on cigarettes, yielding in excess of \$440 million annually. In 1985 a state sunset tax was made perma-

ment. In 1986, legislative counsel reports the Governor will propose a tax increase to the Legislature which amount is uncertain at this time. Two things could possibly happen; first, increase taxes could be requested to fund special projects in the state, and secondly, increased revenues could go to the general fund so that the Governor could request a personal income reduction. It is unknown at this time which scenerio is most likely.

The state budget fiscal year begins April 1st and expires March 31st. The budget cycle in the New York State Legislature traditionally begins in mid January and concludes with the adoption of a budget by the end of March. Unless unforeseen obstacles arise, it is expected that the state budget will be resolved prior to April 1, 1986.

2. Political Situation: Current and Outlook

Legislative power in New York State is vested by its Constitution in a Senate of 61 members and an Assembly of 150 members. They are elected for two-year terms.

The lieutenant governor is its President and presiding officer of the Senate. In addition, the Senate elects from among its members for a two-year term a Temporary President whose duty is to direct and guide the business of the Senate, appoint Senate committees, name most of the employees of the Senate and to preside and perform the other duties of the President during the absence of the Lieutenant Governor. The Assembly is presided over by the Speaker, who is elected by the membership of that body for a two-year term. In addition to his duties as presiding officer, the Speaker possesses general powers similar to those of the Temporary President of the Senate.

The Legislature convenes annually in January and remains in session until it has concluded its business.

Currently the Democrats enjoy a 98 - 52 majority in the Assembly while the Republicans hold a 36 - 25 majority in the Senate. All assemblymen and senators are up for reelection in 1986, so is the Governor. Presently no strong candidate has surfaced on the Republican ticket to oppose Governor Cuomo; and, therefore, it is expected that the Democrats will continue their solid control of the Assembly.

C. Resources: Strengths/Weaknesses

1. Tobacco Segments

The Tobacco Action Network (TAN) in New York State presently has 1,267 activists. These activists have been particularly responsive to local legislative activities in their legislative and legislative support efforts. This past year our TAN activists were mobilized on numerous occasions to assist with local and statewide issues. TAN continues to be a cornerstone for our grassroots efforts and will remain so into 1986.

While 1985 saw only moderate response from our wholesaler, retailer and vendor segments, a more intensified working relationship engendered over the last half of the year augurs to create a much more viable and aggressive response from these groups in 1986.

2. Business

The business community continues to be extremely responsive on the issue of public smoking restriction legislation. They have not been willing to involve themselves in any other issues of interest to the industry. A glaring weakness, however, relates to non-activity by the business community regarding opposition to workplace restriction legislation. Outright workplace restrictions are not, in New York, a motivating influence within the state's business community.

3. Labor

Labor coalitions have been helpful in opposing public smoking restriction legislation. This is true both for state and local legislative matters. Next year promises greater levels of activity by labor groups in the state. Through working relationships with the Labor Management Committee and the New York State AFL-CIO, it is expected great cooperation will be achieved from labor to more favorably impact adverse legislation.

4. Fire Groups

TI consultant Phil Schaenman continues to meet with the Firemen's Association of the State of New York (the primary supporters of "self-extinguishing" legislation). These grassroots efforts have resulted in a favorable turnaround by many firefighters who had previously supported "self-extinguishing" cigarette legislation. In 1986, a continued high level of activity with key fire officials will continue and should progress continue with the federal level study on the issue of

"self-extinguishing" cigarettes, it is expected 1986 will be another successful year in opposing such legislation.

5. TI Resources

Legal analyses were provided by Covington & Burling, economic impact studies by Savarese Associates, ventilation studies by Mr. Gray Robertson's firm, public relations assistance by Howard Rubenstein Associates, as well as scientific and medical witnesses provided by TI Headquarters.

TI resources were helpful in the "Learn Not to Burn" program and the "Helping Youth Decide" program. The Solomon report will be helpful in working with the business community to solicit more favorable support in opposing workplace smoking legislation.

D. Anti-Tobacco Forces

In 1985 at the state level, Assemblyman Grannis, the primary sponsor of anti-tobacco legislation, initiated a major effort to solicit support from various health organizations throughout the state. He was in communication with county health departments, boards of health and other health related associations. Because of our success at the state level in defeating anti-tobacco legislation over the past eight years, Assemblyman Grannis attempted, and presently is attempting, to motivate localities to introduce and adopt local legislation.

In 1986 it is expected that anti-tobacco forces will be highly motivated and will push local legislation. GASP, the Lung Association and the Cancer Society are teaming their forces to conduct an all-out push on local legislative and regulatory efforts. Additionally in 1985, they collectively retained a state lobbyist to promote smoking restriction legislation and other health-related issues.

There is little doubt that anti-tobacco forces have been and are continuing to be more sophisticated in their approach in promoting anti-tobacco legislation. 1986 promises to be a much more difficult legislative year locally as a result of their determination to promote anti-tobacco legislation and regulations.

E. Tobacco Industry

1. Brief History of Successes and Problems

New York State is fortunate to enjoy the presence of three major tobacco companies and several subsidiaries of these companies. The support provided by these companies has been most valuable in assisting at the state and local levels, and they have been cooperative and diligent in committing resources.

Local legislation continues to be the major problem facing the industry. It is expected numerous localities will begin consideration of such legislation. In the State Capitol, it is expected that no major legislative proposals will be adopted. We have had limited success in opposing excise tax legislation and that area will be troublesome in the future.

2. Major Issues -- State and Local

In 1985 the increase of 6-cents per pack in the cigarette excise tax was made permanent.

No other statewide legislation has been approved by the Legislature; and for the first time in eight years, an onerous public smoking restriction bill failed to reach the Assembly floor for consideration. A problem exists, however, in that Assemblyman Grannis, late in the session, promoted the concept of a "smoking policy" bill. Essentially, the bill would require public places to declare a policy and post said policy at the entrance. The Institute has taken no position on this type of legislation and 1986 promises to be a year when a "policy" bill will be promoted in the Legislature.

Our staunchest legislative supporters have expressed concerns in this regard and have come to the industry for guidance. This will continue to be an issue on which a position by the industry will be requested from our supporters in lieu of a comprehensive public smoking restriction bill.

3. Outlook

In the final analysis, 1985 has been a most difficult year. Next year will be as difficult. Statewide and local legislation will be promoted early and often.

Other major issues in 1986: ingredients disclosure, sampling prohibition, "self-extinguishing" cigarette and product liability legislation. The New York State Department of Health is expected to initiate a major campaign to promote smoking restrictions in the work areas of state offices. Local legislative battles will arise in such locales as Buffalo, Rochester, Syracuse, Albany, Westchester and New York City. And, it is expected that at least a handful of other localities will initiate legislation.

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