

# Executive Summary



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## AT THE FEDERAL LEVEL

\* On June 23, the House passed, 215-201, the Budget Resolution calling for \$19 billion in new revenues. Thirty-two of 35 Democrats from Kentucky, Tennessee, Virginia, West Virginia, North Carolina, South Carolina and Georgia voted for the Resolution. These votes will also be needed to pass a reconciliation bill. The combination of the close vote and virtual solidarity among tobacco-state Democrats should give this bloc considerable leverage in influencing a favorable reconciliation bill.

The Senate passed its Budget Resolution June 24 by a 53-46 vote.

\* The Ways and Means Committee plans to hold hearings on revenue-raising options July 7, 8, and 9. They are obliged to report out by July 28 a reconciliation package that would raise \$19 billion.

BNA reported today that although excise taxes had been the most likely candidates for raising revenue, "various lobbying groups, ranging from affected industries to consumer groups, have been successful in convincing tax writers that such increases will offset much of the tax cuts included in last year's tax overhaul law for low and middle-income taxpayers."

The National Conference of State Legislatures announced its opposition to congressional consideration of increasing excise taxes to lower the fiscal 1988 budget deficit, citing the negative impact such increases would have on states' revenues.

\* Congressman Pease (D-OH) introduced H.R. 2696, a bill to subsidize health insurance coverage by increasing cigarette excise taxes 8 cents.

## IN THE STATES

\* The Michigan House Taxation Committee last week rejected a 5-cent cigarette tax increase and a 33-percent tax on other tobacco products. However, tobacco taxes could still be part of the budget debate. TI continues to work the situation carefully.

\* The efforts of TI staff and legislative counsel were instrumental in an Oregon House Ways & Means subcommittee's rejection of a workplace smoking restriction bill. Oregon already restricts smoking in government offices... The Oklahoma legislature sent the governor a restriction bill affecting government offices, restaurants and public places. It preempts local smoking ordinances.

\* Chicago's Health Committee begins consideration June 29 of proposed restrictions on smoking in restaurants, workplaces and other public places. TI is finalizing wide-ranging lobbying and coalition programs in preparation for the event...

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**San Francisco's** Board of Supervisors gave final approval to an ordinance requiring nonsmoking areas in restaurants, with the size of such areas to be determined by restaurateurs -- not by law.

• **TAXES:** TI work continues on all excise tax developments, including: The **Pennsylvania** House Appropriations Committee sent to the House floor legislation exempting cigarettes from the state's 6 percent sales tax but adding 6.6 cents to the excise rate. The Committee amended this legislation into an unrelated Senate-passed bill... The **Wisconsin** Assembly is considering a budget package which includes a 1-cent boost in the cigarette tax earmarked to a pilot program for uninsured health care... The **Oregon** House Revenue Committee reported a bill that would earmark a 7-cent cigarette tax increase to fund programs for prenatal health care, mental health care, transportation for elderly citizens and city/county government aid. When introduced, the bill contained a 10-cent hike. The minority committee report urges no tax hike, only a redistribution of revenue.

### IN OTHER MATTERS

• As reported last week, the Tobacco Industry Labor Management Committee (LMC) introduced excise tax and indoor air quality videos and materials to some 250 AFL-CIO presidents, legislative and research directors at a reception Thursday. "[AFL-CIO President] Lane Kirkland couldn't get this many union presidents together at the same time," said one union official, noting six presidents in the room.

• The LMC has asked the presidents of more than 30 international unions headquartered in Washington, D.C., to write, as employers, in opposition to the City Council's bill to restrict smoking in workplaces, restaurants and other public places. At Wednesday's hearing, labor consultant Jim Savarese appeared on behalf of BC&T President John DeConcini to outline labor's opposition to restrictions. Also as part of the outreach effort, LMC briefings for city-employee unions prompted representatives from the largest union -- the 6,000-member American Federation of Government Employees -- to ask to testify in opposition to the bill.

• The Washington Legal Foundation (WLF), the country's largest pro-free enterprise public interest law and policy center, has joined the fight against an advertising ban. And with TI encouragement, WLF fired its first volley, a 4-page legal backgrounder by former Federal Communications Commission chairman Richard E. Wiley. The paper, which terms the movement to ban tobacco ads the first step toward censorship, went to a list of some 1,500 opinion leaders, including legal journalists, Congressmen and their legal counsel, White House and Justice Department officials, law school professors, corporate CEO's and their in-house general counsels.

• TI staff and consultants have been invited to address students July 22 and 23 at Texas A&M's Annual Firemen's Training School, which is sponsored by the State Firemen's and Fire Marshals' Association of Texas. The topic of discussion will be fire-prevention education and, more specifically, TI's fire-prevention program.