

THE TOBACCO INSTITUTE

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

ROBERT S. McADAM
Vice President
Special Projects

MEMORANDUM

February 6, 1992

TO: Interested Parties

FROM: Robert S. McAdam

RE: Massachusetts Tax Initiative

Phase I

To date we have used the Massachusetts Committee Against Unfair Taxes and the Fair Tax Coalition as the two vehicles through which we have begun to organize our opposition to this proposal. The creation, operation, and financial support of these two organizations has allowed us to accomplish the following major items in conjunction with this battle:

- focus group studies of proposed initiative language
- negotiation of ballot and petition language
- negotiation with Attorney General over constitutionality
- monitoring of opposition signature gathering process
- complete analysis of validation of proponents signatures
- establishment of organized labor's opposition to initiative
- establishment of legislative strategy against initiative
- filing of Supreme Court constitutional challenge to initiative

Phase II:

Now that we have completed the essential preparatory stages of this process, it is necessary that we begin in earnest our organizational efforts designed to achieve the correct result from the legislative process and develop the diverse coalition of support necessary to support our legislative efforts as well as prepare a broad group of organizations and individuals who can be counted upon to oppose taxes of this kind.

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We will continue to use both the political committee (Committee Against Unfair Taxes) and the 501c4 organization (Fair Tax Coalition) to both comply with Massachusetts law governing these kinds of activities and to facilitate reaching our goal.

Our political committee will be engaged in some key activities between now and May 15. We will continue to pursue our case before the Supreme Judicial Court. It is not expected that the Court will reach a decision until at least June. We will also begin to organize the political campaign that will be necessary to defeat this issue at the polls in November.

Paul Pezella will continue to be our day-to-day manager of this effort and will be responsible for working with me to review a variety of consultants that will be necessary to fulfill our campaign goals. In addition, we hope to retain in the near future, someone who can organize the research and information in such a way to begin effectively communicating to the media and to various political allies the problems that are inherent in this kind of proposal.

On the legislative front, it is our goal to cause the legislature to defeat the measure before them and to issue a report that contains a substantial amount of detail concerning the negative impact of the proposal. This report will become a "credible" source that can be cited during the ensuing political campaign.

We have already been successful in the first phase of implementing our legislative strategy in that it appears as though the measure will be referred to the House Taxation Committee, giving the issue a proper taxation focus as opposed to a health focus as its proponents would prefer.

In addition to the implementation of the legislative strategy, it is our intention to use the Coalition facilitate a base broadening program that will draw other groups and individuals together to oppose this kind of tax approach. This coalition building effort will attempt to attract members who have both a direct and indirect interest in this issue as well as those who may not have any stake in this issue per se, but who believe the process and potential future impact on issues of direct interest to them are threatened by the success of this measure.

As part of the coalition building process, the Coalition in conjunction with the industry Labor Management Committee will be responsible for developing further our relationship with organized labor. It is our hope to draw the union membership of Massachusetts into open and active opposition to both this initiative and all tax proposals of this kind. Their active participation both during the legislative consideration of the issue and during the political campaign will be essential to our overall success.

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Budget Summary

Phase II: January 1 - May 15, 1992

Committee Against Unfair Taxes

Manager	\$45,000
Spokesperson	\$22,500
Clerical	\$12,000
Overhead	\$30,000
Legal/Accounting/Reporting	\$50,000
Research	\$25,000
<u>TOTAL</u>	<u>\$184,500</u>

Fair Tax Coalition

Lobbyists	\$120,000
Coalition Director	\$45,000
Industry Grass Roots	(in-kind)
Legal/Accounting	\$30,000
Research	\$20,000
Labor Relations Development	
<u>TOTAL</u>	<u>\$215,000</u>

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