


C-O-N-F-I-D-E-N-T-I-A-L

MEMORANDUM

April 3, 1986
(5 p.m. report)

To: Samuel D. Chilcote Jr.
Robert J. Lewis
William Kloepper Jr.

From: Walter N. Woodson 

Subject: Regional Action Update on Packwood Tax Plan

GENERAL

- . During the Congressional Easter recess, field to set up, when appropriate, quality, personal visits with Senate Finance Cmte. members. Four to five tobacco-related representatives will attend each senatorial meeting...field staff currently working to secure appointments and best possible meeting team. There are some instances where legislative counsel, for a variety of reasons, recommend against such meetings.

[[[[[Four senator/counsel/ally meetings will take place in Washington: Armstrong (CO)/consultant Young (4/20), Dole (KS)/counsel Mitchell, Wallon (WY)/counsel Thomson (4/16, 2 p.m.), Danforth (MO)/distributors Nick and Tony Karakas...Yenowine, Woodson and Vinovich to coordinate pre-meeting briefings, after meeting conferences and other details.]]]]]

- . Wyoming counsel Bill Thomson reports that his White House sources say Reagan is getting "bad advice" on tax reform...Thomson says Reagan has been persuaded to sign "anything" from the senate that has the tax reform label...idea is that White House can then say Reagan has made the most sweeping tax changes since JFK.
- . Mozingo addressed NAMA (vendors) convention 3/22 in Anaheim...encouraged them to become involved...Mozingo also had meeting with NAMA leader Dick Funk to encourage full assn. participation.
- . Malcolm Fleischer (Retailer Assn. leader) wrote special letter to his 90 directors as well as letter to 2,000 members...they were asked to call and write their senators...Fleischer also wrote Packwood.
- . Cannell received copy of (attached to 3/27 report) statement from NCSL president David Nething...note states' interest in excises as a source of state revenues.
- . 3/20 observations from regional director Bob Graham:

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NFIB Board had taken a "support" position on Packwood plan...Graham has alerted their VP, State Activities, to the ad valorem portion of the bill...NFIB had been unaware of it...Frendergast and Panzer, per Bob Lewis, contacted NFIB tax personnel to explain serious nature of this tax.

Political consultant Charlie Peckham meeting with Ed Henley 3/20...Henley, "Ambassador to a Presidential Commission on Oil Exploration," owns 20 percent of Mobil Oil...Peckham and Henley will get the issue before the NY Round Table...this group has play with every Member of Congress in the Northeast.

STATE BREAKDOWN

Arkansas-----Senator David H. Pryor (Morris)

- . Per counsel Paul Bosson 3/25: Pryor firmly in our camp on this one...state wholesaler executive Walter Skelton and wholesaler Earl Gill to meet with Pryor during break...Bosson will write/call Pryor to thank him again for his support.
- . TAN Advisory Cmte. members contacted and asked to contact Pryor...also encouraging their members and associates to call and write.
- . Morris initiated contact with WIFE (Women Involved in Farm Economics) for additional letters/calls...contacted national and Arkansas WIFE leaders.

Colorado-----Senator William L. Armstrong (Boman)

- . Consultant Lynn Young has been invited to dine 4/20 at the senator's Washington home...she will use this opportunity to discuss the Packwood proposal in depth...Young will meet at TI before and after her dinner with Armstrong.
- . Regional Director Graham initiated call to Armstrong through state attorney general...Armstrong says he will VOTE NO on Packwood plan re excise taxes...also got promise from Joe Coors to contact Armstrong.
- . TI consultant Lynn Young met with Armstrong personally in Colorado...Armstrong expressed "serious doubt" that he could support Packwood's plan.
- . Legislative counsel Frank Hayes to contact Armstrong and report results, too...Mary O'Dell (CO Dist. Assn.) made follow-up calls to make sure her members were calling and writing senator.
- . TAC mailgrams sent 3/17 (to senators in all Boman states) urging TAN Advisory Cmte. members to generate calls and letters...also in all Boman states (CO, WY, MO, KS, OK), sample letters were prepared for distribution to tobacco retailers and other allies...Boman has prepared form for all TAC grassroot contacts (in all his states) so that he may

better gauge response to our call to action.

Delaware-----Senator William V. Roth (Bankhead)

- . Legislative counsel Harry Cross met 4/2 with Roth to discuss Packwood plan...was accompanied by Dave Poffenberger (Chamber of Commerce counsel) and Jack MacDonald (his son used to be Roth's AA). Roth told our group that he opposes the Packwood plan...Roth said he had his own plan in the works (no details on what that might entail). Cross reports that Roth was very appreciative of the visit and interest.
- . Bankhead sent 114 letters to allies in Delaware urging that they write/call Roth...among those who have called/written: VP of Del. Chamber of Commerce and other chamber members; Brad Barnes, state House majority whip; Joe Petrilli, state representative.
- . Per Bob Graham, political consultant Charlie Peckham will make this contact...Peckham to get Governor DuPont to make the call.

Hawaii-----Senator Spark M. Matsunaga (King)

- . Counsel Kimura--and possibly Suzuki and representatives from the Hawaii Food Council and Hawaii Tobacco Co.--to meet with senator during recess.
- . Rolf Horne of Delmonte contacted senator...will not have report on results until week of 4/7 (Horne on vacation).
- . Counsel Norm Suzuki also made contact with senator's office.
- . Dick Botti, Hawaii Food Council, contacted senator and encouraged members to do so also.

Idaho-----Senator Steven D. Symms (King)

- . Bob Graham says Symms will VOTE NO on Packwood plan re excise taxes...this per Roden and Kading, both TI counsel...Roden and distributor Cece Wright trying to arrange meeting with senator during recess.
- . Since Symms is up for reelection and strongly in our camp, King/Graham suggest no overkill on constituent contact...Counsel Bill Roden, however, is organizing beverage/oil people...also enlisted aide of distributor Cece Wright.

Iowa-----Senator Charles E. Grassley (Brozek)

- . Leroy Gessmann, 7-11 stores, rallying all store managers to action...calls into Grassley...Brozek/Jacobson set up phone bank to follow-up with the group to make sure calls were being made...other state convenience store managers being contacted as well.

- . Per Graham, consultant Peckham contacted senator...Peckham ran his first campaign and remains close friend.
- . Lobbyist Wasker spoke directly to senator on 3/18...Grassley says he is currently inclined to support Packwood plan unless we can come up with reasonable alternative source of revenue...but Wasker reports Grassley does not like the ad valorem concept and his vote right now is "undecided," but "attainable"...Brozek continues to push all the buttons here...Wasker met personally with Grassley 3/21...still views Grassley position as "undecided."
- . Brozek notes that brewing and petroleum interests he and Jacobson contacted were unaware of the potential problems they face with the Packwood proposal...Jacobson got these groups "educated."
- . Brozek set up phone bank to generate calls/letters...targets include tobacco wholesalers, convenience store operators, Iowa beer wholesalers, vendors, TAN members, IA Citizens Action Network, and Petroleum Marketers Assn. of IA.

Kansas-----Senator Robert J. Dole (Boman)

- . Regional Director Graham to contact through Dole confidant Dave Keene...Keene says (3/28) Dole will not do anything that will put him "on the wrong side of business," but he remains "quiet" on the Packwood plan and hopes he will not have to cast a vote on the proposal.
- . Dole told lobbyist Mitchell that he is "far less than enthusiastic" about the Packwood plan.
- . Consultant Paul Coleman contacted Dole and reports 3/31 that Dole's staff said he is opposed to the "tax on a tax" affect of Packwood's plan...staff says Dole would support "some other" tax reform approach.
- . Boman notes that Dole will not return to Kansas for the Easter break...so counsel Bill Mitchell, and William Hagman (prominent Republican and tobacco wholesaler), will travel to Washington in April for a meeting with the senator.
- . Harry O'Riley (KS Wholesalers and Vendors Assn.) is pressing his membership to send letters and call Dole...Boman spoke with proprietors of several tobacco shops in KS, WY, OK, and MO and was assured of their help in generating mail/calls to Finance Cmte. members...Boman supplied them with letter-writing kits and other background material...tobacco shop owner Gary Muza generated 27 letters to Dole during week of 3/24.

Louisiana-----Senator Russell B. Long (Morris)

- . Lobbyist Guidry reports 3/26 that Long will not be in district during the recess...she is contacting coalition members for another round of calls and letters.

- . John Hightower, LA Motor Transport Assn., contacted truckers and asked that they contact Long.
- . TAN Advisory Cmte. contacted and asked to call and write Long and encourage their members to do the same...lobbyist Guidry has already generated 70 letters to Long.
- . Morris made speech before 150 wholesalers 3/15 and told them to call and get involved...also got two Louisiana state senators to make direct contact with Long...no report yet.

Maine-----Senator George J. Mitchell (Dyer)

- . Dyer recommends strongly against Easter break meeting with Mitchell.
- . Bob Graham asked consultant Peckham to contact his office...indicates Mitchell will VOTE NO on excise portion of Packwood package...Dyer notes that while Mitchell is not as adamant as, say, Chaffee, in favoring higher cigarette excises, he is nonetheless a supporter of such increases...Dyer does confirm, however, that Mitchell will vote against the excise tax portion of the Packwood plan...this information from political consultant Tony Buxton.
- . Dyer has initiated his own letter-writing campaign to Mitchell...using appropriate company and wholesaler reps, Pine State Vending, Maine State Grocers' Assn., Associated Grocers' of Maine, Maine Wholesale Food Distributors and 23 Maine wholesalers and their retail accounts, Dyer generated about 1,500 letters to Mitchell by 3/27...all contacts will also be asked to call Mitchell.

Minnesota-----Senator David F. Durenberger (Brozek)

- . Top MN aide Phil Cohen promised a "formal position" from Durenberger...on 3/20, Brozek reports that senator's formal position is against the Packwood plan in general and the excise tax provisions in particular...even with this formal opposition, it would be wise to keep the information below in mind.
- . Paul Bostick, former tobacco retailer, generated 50 letters to senator...Rusty Laird, brewery counsel, generating calls and letters...Paul Bainter (PM) set up phone bank and two RJR employees activating their troops, too. Joe Robbie, wholesaler, wrote letter to Durenberger and TAN superactivist Dan Taggartz beating the bushes.
- . Lists of all convenience store managers have been gathered and contacts are continuing.
- . Brozek reports that Durenberger is sympathetic to our point of view, but the senator wishes to remain in a low-key position on the issue to avoid appearing to be in the tobacco industry's camp...Durenberger's objections to the Packwood plan will center on the argument that excises should be the

province of states, not the federal government.

- . On 3/17, Graham contact with office indicates Durenberger will VOTE NO on excise portion of Packwood plan...however, Brozek contact with chief aide in MN indicates that while Durenberger opposes ad valorem taxes, he is carefully weighing the political situation before coming out categorically against the proposal...faces tough 1988 reelection campaign v. HH Humphrey III...politics may outweigh philosophy.
- . Brozek reports that Durenberger is a "staff intensive" senator who relies heavily on staff opinions, especially those MN staffers with a pulse on MN public opinion...Brozek remains in touch with MN staff.
- . Lobbyist Tom Kalm's partner, former Minneapolis mayor Al Hofstad, has a "notable" relationship with Durenberger and was our initial personal Durenberger contact.
- . Brozek set up phone bank to generate calls/letters...state tobacco wholesalers also organized as well as retailers.
- . Set up Prendergast meeting with his AA 3/18-19.

Missouri-----Senator John C. Danforth (Boman)

- . Louis Smither, MO Council for Burley Tobacco, reports that staff aide Austin Slick says Danforth favors the Packwood proposal over any other plan offered thus far.
- . Mary Ehwa (McClelland Tobacco) spoke with Danforth aide Georganne Hedges who said senator favors Packwood plan over anything else offered thus far.
- . Efforts continue to set up Easter break meeting with Danforth when he returns home 4/3.
- . Bob Schrand (Gannett Outdoor, St. Louis) contacted senator...also helping generate letters and phone calls.
- . Tom Schumpet, owner of the "Humidor" in Springfield, generated 28 letters to Danforth...Gerrard Ezvan, Jon's Pipe Shop, was responsible for 31 letters to the senator...MO Tobacco Distributors Assn. to continue to push membership to call/write Danforth...distributor president Raccagno says letters and calls have started to pour in to senator.
- . Legislative counsel John Britton using his key contacts in effort to speak with Danforth...bigtime St. Louis distributors Tony and Nick Karakas will be in DC in April on another matter and will discuss the issue with Danforth during their visit...will arrange for TI meetings with Karakas brothers before and after their get-together with Danforth.

Montana-----Senator Max S. Baucus (King)

- . Counsel Anderson and Jack Bollinger, Service Candy, to meet

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in Bozeman with senator during recess.

- . Keith Anderson, head of MT Taxpayers Assn. generating opposition from his members...MT Petroleum Assn. also contacted Baucus as did Ken Monroe of Rocky Mountain Gas & Oil.
- . MATCD executive Tom Maddox contacted Baucus staff...senator will vote for portions of the Packwood plan provided ad valorem is removed...Maddox says Baucus wants to be in a position to "trade with Packwood."

New Jersey-----Senator Bill Bradley (Scanlan)

- . Per counsel Joe Katz 3/25 from Bradley aide, state director Ray Bramucci: Bradley will vote against the Packwood proposal...but keep information below in mind.
- . Per Graham, political consultant Peckham said Bradley is leaning in favor of Packwood plan...Graham attempting to get refiners, as a group, to contact senator.
- . Counsel Katz recommends strongly against Easter recess meeting with Bradley...says it would be extremely counterproductive since Bradley is so vehemently anti-tobacco.
- . New Jersey distributors' association has phoned and sent mailgram in opposition to Bradley...association has also contacted its membership asking that all members contact Bradley...Lorillard TAN Advisory Cmte. members generated at least 10 phone calls to Bradley week of 3/17.
- . Lobbyist Joe Katz was told by AA Marcia Aranoff that Bradley is anti-tobacco and likely to oppose the industry at any point at any time...Katz continues exploring all potential Bradley contacts.

New York-----Senator Daniel P. Moynihan (Scanlan)

- . Counsel Michael Griffin arranging Easter recess meeting with Moynihan...Griffin will go alone; he says big show of industry allies would be counterproductive with this senator.
- . On 3/19 lobbyist Matt Mataraso lunched in DC with Moynihan re Packwood plan...Mataraso reports that Moynihan leans toward favoring the Packwood plan, especially if state/local deductions are retained.

Mataraso also met with D'Amato who opposes ad valorem and tax increases...D'Amato will speak 3/19 to Moynihan.

3/17 NY Times reports that Moynihan said Packwood plan would be "good for New York State except for its treatment of state and local taxes"...3/19 Times said the "...the Packwood 'reform' plan cries out for reform," adding that excise hikes are "fine if the revenue is used to cut the deficit but indefensible to preserve loopholes."

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- . New York distributor's association has phoned and sent mailgram in opposition to Moynihan...association has also contacted its membership asking that all members contact Moynihan.
- . Syracuse distributor and NATD board member Arnie Gordon has contacted Moynihan...will continue to work on him, mostly through NATD Washington office.
- . Per Graham, political consultant Peckham to contact Moynihan.
- . Fred Sampson, Restaurant Assn., contacted Moynihan and encouraged his board to do likewise.

Oklahoma-----Senator David L. Boren (Boman)

- . Consultant Bill Reynolds was told by Boren aide Pete Glavas that the senator is "definitely leaning" against the Packwood package...CONFIDENTIAL: 3/27 conversation with Boman indicates that Boren is completely opposed to the Packwood plan but does not want that solid opposition mentioned publicly at the moment.
- . Reynolds also attempting to set up Easter meeting with Boren, but Boren may not return to Oklahoma for the break.
- . Bob Craig (Senate Administrator in OK and tobacco retailer) generated several phone calls and about 20 letters to Boren from Oklahoma City area.
- . OK Tobacco Distributor Assn. lobbyist R. Huddleston will contact Boren personally and also continue encouraging his members to call/write the senator.

Oregon-----Senator Bob Packwood (King)

- . Craig and Dick Estey, major league-size vendors/distributors, may meet with Packwood during Easter recess, but Packwood has been dodging them, according to Graham...Craig Estey, you recall, spoke at U.S. Senate hearing last year.
- . King/Graham also working on broad coalition meetings with Packwood during Easter recess...truckers, among others, to attend.
- . Packwood contacts include: Terry Matlock, OR Tax Council and membership; local BC&T head Noel Johnson; OR Industry Assn. executive Gary Carlson having his members contact Packwood...Counsel Crawford and Teamster local leader Glenn Vance to report back on contacts, too.
- . Graham's recent activities are included in the "bullets" below:
- . Through a coalition of truckers, Cormak, TAN volunteers, beer and wine distributors, Oregon restaurant assn. personnel, and gasoline dealers, among others, Graham hopes to generate 100,000 petition signatures to Packwood for use by Federal

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Relations. The petition will read: "We, the undersigned Oregon voters, strongly urge the Congress to remove any reference to possible implementation of an ad valorem tax on alcohol, tobacco and motor fuels as presently presented within the Packwood proposal. We feel that this places an unfair burden on the working people of Oregon."

- . Graham continues his coalition work with the above-mentioned groups and others including Assn. of Oregon Industry, Oregon Trucking Assn., and the Independent Truckers Assn. All groups have encouraged their members to contact Packwood.
- . It now appears (as of 4/2) that at least 100,000 petition signatures will be gathered by April 11...service station group generated another 2,500 calls to Packwood between 3/24 and 4/2...other coalition members also maintaining high levels of contact.
- . Packwood met with Peter Rupp, Chairman of trucking outfit Freightliner...Packwood told him that this entire tax package was a "trial balloon" he had launched at the White House's request...Packwood added that he "didn't give a damn about [keeping] the ad valorem" tax in the bill...that same message was relayed to representatives of the Oregon Truckers Assn. and a Anheiser-Busch rep...Graham believes these comments were made in large measure because of contacts generated thus far.

Pennsylvania-----Senator John Heinz III (Scanlan)

- . Per Martin Hamberger 3/25: Heinz will oppose the Packwood plan. Lobbyist Bill Cornell working on Heinz mainly through Heinz' former aide Hamberger, whose firm is counsel to Federal Relations.
- . Counsel Bill Cornell suggests that tobacco meeting with Heinz over the recess could raise the issue in such a way as to jeopardize Heinz' precarious anti-Packwood position.
- . Regional director Kupris contacted the following to oppose Packwood plan: Consolidated Cigar, Teamsters Locals #401, Harris wholesalers (big outfit), Philadelphia Retail Tobacco Dealers, BC&T Local #6, General Cigar, among others. Other personal friends in labor have been contacted and asked to speak with/write Heinz.
- . Patty Enders of the PA Wholesalers Assn. is working to involve her membership through notices in their newsletter and through a telephone bank.
- . NY Times quote on Heinz position: "A \$32 billion proposal to help steelmakers, farmers and other ailing industries by allowing them to immediately cash in 70 percent of their unused investment tax credits should help ease the concerns of Senator John Heinz of Pennsylvania, over the proposed repeal of the investment credit."

- . TAN Advisory Cmte. members generated at least 10 calls to

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Heinz this week...letter/mailgram campaign set up for distributors and labor allies...Jack Walsh, Consolidated Cigar, helped generate letters and about 50 mailgrams to Heinz during late March.

Rhode Island-----Senator John H. Chaffee (Dyer)

- . Per Dyer 3/26: Chaffee will vote against the Packwood plan, including excise provisions...Dyer says, however, that Chaffee has certainly not reached this position because he likes tobacco; the reasons for his position are totally unrelated to tobacco. Per Graham, consultant Peckham contacted Chaffee aides...early impression is that Chaffee can be brought around to our side...Dyer's wholesaler contacts remind us, however, that Chaffee remains a staunch supporter of higher cigarette excises.
- . Dyer recommends no Easter meeting with Chaffee...would be counterproductive.
- . Dyer has initiated an effort on Chaffee similar to the effort on Mitchell in Maine...Dyer generated by 3/27 about 1,000 letters (and many phone calls) through a letter-writing campaign employing company and wholesaler reps, RI Retail Grocers' Assn. and 14 wholesalers and their retail accounts.

Wyoming-----Senator Malcolm Wallop (Boman)

- . Per legislative counsel Bill Thomson: conversation with aide P. Williams indicates Wallop opposes plan and Wallop is preparing amendment to gut the bill...aide Williams says support for plan comes only from Packwood, Mitchell (see Maine) and Chaffee (see Rhode Island). Thomson also reports that Wallop appears to be at odds with Reagan at this point...no details re this rift.
- . Graham conversations also indicate NO VOTE on excise portion of Packwood proposal...using contact through state senator Russ Donley, a good friend of Wallop's.
- . Wallop will not be in Wyoming during Easter recess, but Thomson will meet in mid-April with Wallop...Maury Brown (retailer and Wallop friend) and Del Peterson (wholesaler and close friend of Wallop) will also attend the meetings in Washington, DC...TI briefings have been arranged.
- . Thompson in touch with WATCD head Tom Kilty for two-pronged letter-writing effort by tobacco wholesalers...Laramie tobacco shop owner Rick Campbell generated 63 letters to Wallop week of 3/24.

CONTACTS WITH SENATORS NOT ON FINANCE COMMITTEE

- . Per Morris 3/27: counsel Cleve Smith spoke with senators Sasser and Gore requesting they contact Finance Cmte. members...both senators actively supporting our position and are in agreement with Ford/McConnell letter circulated at 3/25 WWG meeting...also having liquor allies contact

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Gore/Sasser to contact Finance...Gore and Sasser were among the 44 senators who signed letter to Packwood requesting early hearings on excise portion of his plan.

cc: Roger L. Mozingo
William P. Buckley
William A. Cannell
M. Hurst Marshall
George Yencowine
Regional Vice Presidents/Directors

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