

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

MEMORANDUM

June 5, 1987

To: Samuel D. Chilcote, Jr.
William Kloepper
Robert J. Lewis
Roger L. Mozingo

From: Walter N. Woodson

Subject: Federal Excise Tax Activity: State Activities

BOLD PRINT = UPDATED INFORMATION/KEY EVENT

We have been asked to generate quality contacts and general correspondence to members of the House Ways & Means and Senate Finance Committees. We have also been charged with making contacts with as many "tobaccoland" representatives/senators as possible.

What follows is a report on those activities.

GENERAL TOBACCOLAND CONTACTS

- . Bill Balden is working through NTC to generate correspondence to tobaccoland and other members of the House and Senate. NTC contact is not limited to state leaders/NTC members, but also includes state associations identified as NTC allied groups. Ann Gordon is helping coordinate this project.
- . Mozingo has also enlisted the aid of Tommy Bunn of the leaf exporters...week of 6/1 Bunn sent in copies of several dozen letters written on our behalf.
- . In addition, Mozingo is working through John Cyrus (NC) to generate additional contacts...on 5/8, Cyrus contacted 225 leaders in the "Friends of Tobacco Network" in NC, urging these leaders and their allies to contact NC lawmakers.
- . Mozingo has asked A.R. Beckley, executive with the Burley Tobacco Growers Coop, to get his members/allies involved in the excise effort.
- . WIFE (Women Involved in Farm Economics) president has written her members urging them to write their lawmakers.
- . We continue to work in conjunction with Hoke Leggett on

tobacco land contacts and with Tommy Payne on general contacts.

- . Tobacco ally John I. Morton has contacted 113 retired USDA officials, urging them to write in opposition to the excise tax increase...we supplied Morton with excise information for this effort and wrote the letter. The letters went out 5/19.
- . Field staff was asked (5/15) to generate calls and letters to select congressmen/senators in response to the 5/20 "SNEAK ATTAX" ad scheduled to run in the districts of nine key Ways & Means members. Field worked with TAN members, wholesalers/retailers and others to generate such correspondence...we have several telegrams that were sent to Rostenkowski and others on this.
- . Where possible, field staff, legislative counsel and allies attempted to make quality contacts with lawmakers during the Memorial Day congressional break.

FIELD CONTACTS

REGION I (Dyer)

General Activities

- . Dyer followed-up via phone banks/letters with appropriate TAN activists.

... He also contacted retail grocers and all New England Convenience Store Assn leaders in CT, NH and ME, and asked that they relate the tax message to their members. Dyer says this effort could generate up to 2,000 letters in each of those states.

... Dyer is also working up flyer/handout letter-writing material for distribution to patrons at convenience stores.

... Dyer is circulating the "SNEAK ATTAX" ad widely and will alter it slightly to make it useful for contact with New England lawmakers not on the "money" committees, thus generating additional allied contact.

Specific Lawmaker Contact/Intelligence

- . Sen. Mitchell (D-ME)

... On 5/26, Dyer reported that counsel Severin Beliveau has been in frequent contact with Mitchell, and that Mitchell remains opposed to ALL excise tax hikes, including the cigarette hike. Beliveau reports that Mitchell would support tax rate hikes (a third rate) before further excise hikes...it is Dyer/Beliveau opinion, however, that Mitchell

would accept limited excise hikes if that's what it takes to get a third rate.

- . Sen. Chafee (R-RI)...Federal Relations says no contact.
- . Rep. Donnelly (D-MA)
- . Rep. Kennelly (D-CT)
- . Rep. Gregg (R-NH)

REGION II (Scanlan/Kupris)

General Activities

- . Scanlan/Kupris have followed up the Mazingo TAN letter with phone bank operations and letters to 2,900 activists.

... Also, retail tobacco merchants in targeted districts are being contacted through distributors. Handouts/flyers have been prepared for use by retailers' customers.

... During the week of 5/11, NY, PA and NJ wholesale leaders, RTDA (Fleischer), RTDA-Philadelphia (De Voran) branch and Automatic Vendors (Matt Forbes) were also asked to consider having their associations pass anti-excise tax resolutions and share those resolutions with lawmakers...this is in conjunction with general letter-writing activities already underway.

... During the week of 5/11, field staff received assurances from PA state AFL-CIO president Julian Uehlein (represents 1.2 million members) and PA state AFSCME head Ed Kelher (represents 96,000 members) that both would contact directly Reps. Coyne and Schulze, as well as Senator Heinz.

... Other key contacts are being notified by mailgrams/letters.

... PA distributor Joe Gatta has set up a June 8 meeting with tobacco distributors, retailers, vendors and Rep. Gray, chairman of the House Budget Cmte. TI is providing literature and research material/assistance for the gathering in the Germantown section of Philadelphia.

... Week of 6/1: Western PA Tobacco Table group sent 15 letters to PA congressmen...Northeastern PA Teamsters Local 401 and Consolidated Cigar generated more than 100 letters to the state delegation.

Specific Lawmaker Contact/Intelligence

- . Sen. Moynihan (D-NY)

- . Sen. Bradley (D-NJ)...Fed Rel says no contact.
- . Sen. Heinz (R-PA)
- . Rep. Coyne (D-PA)
 - ... Per Kupris 5/6: Coyne will vote with Rostenkowski.
- . Rep. Downey (D-NY)
- . Rep. Guarini (D-NJ)
 - ... NJ distributor assn leader David Goldfarb has sent letters and fact sheets to his members, encouraging contact with Guarini as well as other NJ lawmakers.
 - ... Counsel Katz spoke with Guarini in late May. While the congressman sympathized with Katz, he made it clear that he "has no tobacco" in his district and would not risk Rostenkowski's wrath by pushing hard against excises if the chairman favors such an increase.
- . Rep. Rangel (D-NY)
 - ... Per counsel Dan Adams 5/6: Rangel said he would be "your only support on the floor."
- . Rep. McGrath (R-NY)
 - ... Per counsel Matt Mataraso 5/6: McGrath will vote against a cigarette excise tax. ++(See Rostenkowski)
- . Rep. Schulze (R-PA)

REGION III (Trisler)

General Activities

- . Trisler has followed-up with TAN activists by phone bank and has activated distributors and other allies to write.
 - ... A flyer/handout program with retailers has been initiated.
 - ... Through its Young Executives Division, OATCD has asked its distributors to contact Ohio lawmakers.

Specific Lawmaker Contact/Intelligence

- . Sen. Riegle (D-MI)
- . Rep. Jacobs (D-IN)
 - ... Counsel Pehler received word 5/19 from Jacobs that he

still favors a cigarette tax hike earmarked to the "Medicare trust fund which is additionally overburdened by health consequences of smoking." Later in the letter Jacobs suggests he is undecided about a cigarette tax hike to help cut the deficit, but notes that with the 8 to 16-cent hike, "teenage smoking diminished statistically significantly."

- . Rep. Levin (D-MI)
- . Rep. Pease (D-OH)
- . Rep. Rostenkowski (D-IL)

... On 5/16, state assemblyman and key IL tobacco ally Al Ronan heard from "reliable sources" that if the tobacco companies institute cigarette price increases in June, Rostenkowski will move heaven and earth if he has to to ensure that an increase in the cigarette FET is put on the books.

Ronan, whose assembly district is in the heart of Rostenkowski's, relayed this message directly to counsel/wholesalers Kelly, Duffy, Johnson and Schraeder.

... +++ Per NY counsel Mataraso 5/6: Rep. McGrath told our counsel that Rostenkowski said he would move forward with an increased tax on cigarettes and "alcohol" because "it's your turn in the barrel."

- . Rep. Russo (D-IL)
- . Rep. Crane (R-IL)
- . Rep. Gradison (R-OH)
- . Rep. Vander Jagt (R-MI)

REGION IV (Brozek)

General Activities

- . Brozek has contacted TAN activists through phone banks and letters to increase response to Mozingo message sent in late April.

... Also, retail merchants have been advised of the situation and Brozek has distributed flyers/handouts/posters for use in their stores. As in Region II, flyers outline who to call, what to say and how to report results.

... Brozek also developed retail-use posters to alert smokers to the problem...distributed by wholesalers and TI staff.

... Brozek notes that personal contacts are being solicited with all reps except Daschle and Frenzel, members withwhom we have yet to identify excellent contacts.

... All above activities are proceeding as scheduled and Brozek continues to fill in necessary gaps..

Specific Lawmaker Contact/Intelligence

- . Sen. Daschle (D-SD)

- . Sen. Durenberger (R-MN)

- . Rep. Dorgan (D-ND)

- . Rep. Moody (D-WI)

... Brozek met with Rep. Moody week of 5/25...describes his attitude as "non-committal, but receptive."

- . Rep. Daub (R-NE)

- . Rep. Frenzel (R-MN)

REGION V (Jacobson)

General Activities

- . Jacobson is undertaking the same contact effort in this region.

... All activities are proceeding as scheduled.

Specific Lawmaker Contact/Intelligence

- . Sen. Matsunaga (D-HI)

- . Sen. Baucus (D-MT)

- . Sen. Packwood (R-OR)

- . Rep. Chandler (R-WA)

REGION VI (Morgan/Sutherland)

General Activities

- . GA Counsel Jim Gray has contacted Jenkins, Nunn and Fowler by letter re the excise tax situation.

- . Morgan sent follow-up letters and used phone-bank operations to TAN activists.

... Morgan is also beating the bushes for additional

TIMN 457818

CONFIDENTIAL:

MINNESOTA TOBACCO LITIGATION

tobaccoland contacts to correspond with Southeastern lawmakers. In that regard letters have been sent to more than 20 tobacco groups asking for assistance. They include wholesalers, large, individual retailers/wholesalers/vendors, agricultural/commodity groups.

... Morgan has also contacted GA Wholesale Grocers Assn in an effort to generate additional tobaccoland correspondence from their members.

... Sutherland has received word from VA Governor Baliles that the governor will send an FET letter to the entire VA delegation on our behalf...details being ironed out now (5/14)...GA counsel Bill Bates attempting similar effort with GA Governor Harris...draft letter has been received by GA governor...it should go out week of 6/1.

... On 5/27, Mazingo, Woodson and Vinovich attended a fundraiser for NC Gov Martin. At our request, Martin and staff have contacted NC congressmen urging strong steps be taken to defeat any excise tax hike. Payne and Woodson shared with Martin's DC office head (Karen Roberts) material and a draft letter for Martin to send to his former Ways & Means colleagues.

... Morgan and counsel have contacted key executives of various convenience stores in order to enlist support. Among them: T.C. Godwin, president, T-MART Food Stores; Sam Wornom, vice chair, The Pantry; Mickey Channell, president, Corner Pantry Food Marts. These gentlemen all reside in either NC or GA.

... NC Farm Bureau Federation president W.B. Jenkins has written all NC representatives -- twice -- asking that they do all they can to stop the excise tax.

Specific Lawmaker Contact/Intelligence

. Sen. Rockefeller (D-WV)

... Week of 5/18 the Nottinghams, state counsel, spoke personally with Rockefeller who said he would support a cigarette tax hike because he believed the "social good" of such a tax outweighed any economic chaos...Nottinghams then spoke with WV reps Wise, Staggers, Rahall and Mollohan and asked that they speak to Rockefeller...counsel suggest that additional contact with Rockefeller might turn him around on the issue, even though they acknowledge he is an extremely vocal proponent of excises.

. Sen. Roth (R-DE)

. Rep. Jenkins (D-GA)

REGION VII (Morris/Shoemaker)

General Activities

- . On 5/4 Jack Shoemaker initiated several Florida contacts in regard to the federal cigarette excise tax situation.
 - ... Shoemaker personally wrote FL Reps. Hutto, Gibbons and Grant, as well as Senators Chiles and Graham.
 - ... Shoemaker also contacted Wilson Wright and asked that he urge his members to write their lawmakers and copy TI on that correspondence and any replies from the legislators. On 5/8, Wright notified his members via the FTCA newsletter, mails.
 - ... Influential farm leader Billy Hill has been asked to make additional contacts among his peers.
 - ... Shoemaker/Morris following up with FL TAN activists on the project as well.
 - ... Legislative counsel Guy Spearman will contact every member of the FL delegation.
 - ... On 5/9, Shoemaker persuaded the Gulf Coast Vending Assn to endorse a resolution in opposition to increased excise taxes. Shoemaker locating constituents to mail the resolution to their congressmen. TI prepared a series of draft resolutions for such groups...we will encourage their adoption, and subsequent at every opportunity.
 - ... On 5/5 Shoemaker wrote our other key allies and asked that they participate in this effort...week of 5/18, all contacts had been completed and letters to all 50 state Commissioners of Agriculture sent over Shoemaker's name due to his connections with NASDA/SASDA (National/Southern Association of State Departments of Agriculture).
 - ... Morris also following-up TAN contacts via phone banks and letters.
 - ... With assistance from Ann Gordon, and in conjunction with Leggett/Morgan, Morris will work tobaccoland contacts.
 - ... All efforts underway.

Specific Lawmaker Contact/Intelligence

- . Sen. Pryor (D-AR)
- . Rep. Anthony (D-AR)

CONFIDENTIAL:

MINNESOTA TOBACCO LITIGATION

TIMN 457820

- . Rep. Flipppo (D-AL)
- . Rep. Ford (D-TN)
- . Rep. Gibbons (D-FL)
- . Rep. Duncan (R-TN)

REGION VIII (Boman/Frakes)

General Activities

- . Boman completed follow-up mailing to 1,150 TAN activists urging letters to lawmakers in opposition to FET hike.

Specific Lawmaker Contact/Intelligence

- . Sen. Bentsen (D-TX)
- . Sen. Boren (D-OK)
- . Sen. Dole (R-KS)

... Counsel Bill Mitchell reports that Dole is firmly in our camp on the excise tax issue. Mitchell met with him personally week of 5/4.

... Boman confirmed Mitchell's report of Dole's support 5/27.

- . Sen. Danforth (R-MO)...Fed Rel says no contact.
- . Sen Wallop (R-WY)

... On 5/27 Boman confirmed that Wallop remains very opposed to increased excises.

- . Sen Armstrong (R-CO)

... On 5/30, counsel Pancho Hays spoke directly with Armstrong who said he would not support any increased taxes, including tobacco excise tax hikes...Hays says the only thing that would make him waffle is if Reagan came ouot in favor of tobacco taxes. Hays said this change in attitude is due to the fact that the Republicans are no longer in control and Armstrong feels less pressure to take the lead on such issues.

- . Rep. Andrews (D-TX)
- . Rep. Gephardt (D-MO)
- . Rep. Pickle (D-TX)

- . Rep. Archer (R-TX)
- . Rep. Brown (R-CO)

REGION IX (Kelly/Saldana)

General Activities

- . Kelly generating contacts with lawmakers through traditional allies such as wholesalers and vendors. At 5/18 CCMA vendors meeting, Kelly attempted to have group adopt resolution in opposition to FET, as well as generate lawmaker correspondence (no word on results yet).

Specific Lawmaker Contact/Intelligence

- . Rep. Matsui (D-CA)
... Kelly, a member of Matsui's CA political "steering cmte," will contact the lawmaker directly and also encourage several other Matsui friends to do likewise.
- . Rep. Stark (D-CA)
... At this time we have no suitable contact with Stark.
- . Rep. Thomas (R-CA)
... Kelly asking counsel/key contacts to reach Thomas.

-- END REPORT --

cc: C. Hoke Leggett
Tommy J. Payne
Jeffrey Ross
George Yenowine
State Activities Headquarters/Field Staff