

INTEROFFICE CORRESPONDENCE

U.S. Department of Health and Human Services
Public Health Service
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May 6, 1988

TO: Dolph W. von Arx
FROM: Gene Ainsworth
SUBJECT: GOVERNMENT RELATIONS STATUS REPORT

FEDERAL ACTIVITIES

- o Both the Coalition on Smoking OR Health and the American Medical Association filed separate petitions with the Food and Drug Administration on April 25 and 26, respectively, to regulate RJRT's new product, based on the grounds that it contains nicotine. During the press conference, a spokesman for the the AMA said that "nicotine is an addictive, harmful drug," and should therefore be regulated by the FDA. The FDA has no current authority to regulate cigarettes. This action precedes the Surgeon General's coming declaration that "nicotine is addictive," which is expected in his next annual report on smoking and health tentatively scheduled for release on May 16.
- o Representative Luken (D-Ohio) held a hearing on May 4 on "deceptive" tobacco advertising and other issues. The hearings were originally scheduled for April 14. RJRT declined Luken's invitation to testify at this hearing, but a written statement was provided relative to "tar" levels in advertisements for NOW cigarettes. Former Congressman Charlie Whitley testified on the Tobacco Institute Testing Laboratory.
- o The Senate Finance Committee was considering a welfare reform bill on April 19 when Senator John Chafee (R-RI) proposed that the cigarette excise tax be raised one cent to "pay for" certain Medicaid provisions. The measure failed by voice vote after several of Chafee's colleagues expressed opposition to raising any taxes at the current time.

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FEDERAL ACTIVITIES (CONT.)

- o The airline smoking ban on domestic flights scheduled for two hours or less went into effect on Saturday, April 23. The FAA published its final regulations on the smoking ban on April 13, when it ruled (1) the ban will not apply to charter flights, (2) each segment of a multi-stop flight will be considered as a separate flight in determining the ban, and (3) carriers are free to adopt more stringent bans.
- o All tobacco-related amendments including the Rose export reporting provision were dropped in conference, and Congress finally passed the Trade Bill during the week of April 19. The Administration is threatening to veto the final product as it contains certain objectionable items, most notably the provision requiring advance notice of plant closings. The House passed the bill with enough votes to override a Presidential veto, but the Senate fell three votes short of the necessary two-thirds margin. Congressman Rose has indicated he will attach his export reporting amendment to the next available legislative vehicle.
- o Congressman Rose's Subcommittee on Tobacco and Peanuts has tentatively scheduled a hearing on tobacco imports and exports in Washington, DC on May 25. Additional field hearings are to follow in Raleigh, NC and Kentucky.
- o A tobacco meeting on U.S. Department of Agriculture matters was held in Washington on April 20 in the Covington & Burling offices. All of the cigarette manufacturers except L&M were represented, and items discussed included USDA pesticide regulations, 1987 burley crop loan receipts, import end-user reports, and possible export reporting requirements.
- o Representative Boucher (D-VA) and four cosponsors introduced a bill on April 29, H.R. 4497, which would implement the recommendations of the Inter-Agency Committee on Cigarette and Little Cigar Fire Safety. The tobacco industry supports this bill.

PUBLIC ISSUES

- o Positive responses from partisans via our Choice Line and Action Line surveys continued to build in April with totals of 11,718 for Choice Line and an impressive 20,015 for Action Line. Particularly pleasing was that 4,825 or 45% of the 10,765 partisans responding to our new revised Action Line questionnaire indicated they were interested in attending a meeting to support smokers' rights. Another 3,775 requested referral cards to pass along to friends and co-workers.

PUBLIC ISSUES (CONT)

- o Work continued on developing comprehensive action plans to address the three November ballot initiatives in Oregon, California and Colorado, respectively. A series of briefings were held on April 7-8 in which the individual state representatives presented status reports and were introduced to members of the RJR task force. A campaign book has been prepared that included detailed plans for organizing grass roots groups to help defeat the initiative in each state. Budgets have been prepared and action time lines developed for an early roll-out and test-marketing of the organizing phase.
- o A supply of 800,000 voter registration cards have been printed for inclusion in a voter registration package to be distributed to all non-registered smokers in Oregon. Tentative approval for similar steps in California also have been secured. Voter registration packages for each state, containing surveys to identify potential grass roots group members, are being developed.

STATE ACTIVITIES

- o The Arizona Senate concurred with House amendments to a bill refining the State's Gambling laws. As amended, the measure will allow RJRT to conduct future PMC-type promotions in the state. On April 19, the bill was signed into law and it will become effective 91 days after adjournment of the legislature. Adjournment is expected prior to July 1.
- o As a result of strong RJRT and industry opposition, the Minnesota legislature adjourned on April 25 without enacting "fire-safe" cigarette legislation. After the Senate amended a "fire-safe" cigarette bill onto an unrelated House bill, a conference committee rejected the Senate "fire-safe" cigarette language and, in a 5-0 vote, substituted language that merely directed the Commissioner of Public Safety to monitor federal developments on the issue. Due to his dissatisfaction with the substitute language, the Senate sponsor of the bill refused to bring it to the Senate floor for a vote and the measure died with adjournment.
- o A California bill which would have prohibited sampling and couponing for tobacco products was amended by the Senate Health Committee. The amended bill provides new penalties for the sale or distribution of tobacco products to minors but does not place restraints on sampling or coupon promotions. The amended bill will now go to the Appropriations Committee where hearings are scheduled for May 16.
- o In Alabama, a bill passed by the House to raise the cigarette excise tax by 6.5¢ per pack (from 16.5¢ to 23¢) was amended in the Senate to reduce the tax increase to 4¢ per pack. The Senate amendments also eliminated industry-sponsored language from the House bill that would have eliminated all local tobacco tax levels. A conference committee

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STATE ACTIVITIES (CONT)

failed to agree on a compromise and the bill died with adjournment on May 5. The matter will likely be reconsidered at a special session of the legislature which is expected to be convened prior to October 10, 1988.

- o The South Carolina Senate Judiciary approved a bill restricting smoking in places open to the public. Prior to approval, the Committee amended the measure to require that smoking sections be designated. Further action on the measure appears unlikely since the full Senate failed to act on it prior to the May 2 crossover deadline.
- o A bill imposing a 3¢ per pack cigarette tax increase (from 27¢ to 30¢ per pack) was defeated on the last day of the Nebraska session after it failed to receive a final vote. The proposal had previously passed the first two of the three required votes by the unicameral legislature.
- o Proponents of the California Tobacco Tax Initiative claim they have submitted more than 1,000,000 signatures to county registrars before the May 2 deadline. A certification process will determine whether the petitions contain the required 595,485 valid signatures to qualify for the November ballot.

NORTH CAROLINA/WINSTON-SALEM ACTIVITIES

Gene Ainsworth will write this section.

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