

How Much Additional Revenue Can Be Derived from a 75-Cent Increase in the Cigarette Excise Tax?

There are various estimates of the additional revenues that would accrue to the federal government from a 75-cent increase in the cigarette excise tax. A reasonable estimate is \$15 billion. ~~Bea is mind that~~ this is an estimate of the gross additional revenues from such a tax increase. Net revenues would be less than half this amount. *This is why:* To see why, consider the following facts.

The tobacco component of the Consumer Price Index (CPI) is about 2 percent (1.7458 percent). Therefore, a 75-cent tax increase on cigarettes would translate into a 1 percent increase in the CPI, given the current price of cigarettes. A 1 percent increase in the CPI will lead to a 1 percent increase in all indexed spending at the federal level (Social Security, food stamps, federal pension programs, and so on). At 1993 spending levels, this would amount to \$5.6 billion in additional obligated federal spending and loss of revenue from income tax indexing.

Various additional increases in federal spending would occur as tobacco workers are displaced by a cigarette tax increase, and as a result receive unemployment benefits and pay less income taxes. There would also be less federal excise tax revenue as cigarette consumption declines. A reasonable estimate of these losses is \$3.54 billion.

Therefore, net federal revenues from a 75-cent cigarette tax increase would be: \$15 billion - \$8.06 billion = \$6.94 billion. This is less than half of the estimated gross revenues.

There has been some discussion of taking tobacco products out of the CPI for the purpose of indexing federal programs. This makes no sense whatsoever. The CPI marketbasket of goods for computing the CPI is longstanding and widely followed by the economics profession and financial markets as ~~extremely~~ reliable. It would be unconscionable to politicize such price calculations. Indeed, during the recent spate of cigarette price reductions, government officials proudly touted the fall in the Producer Price Index as a result of a decline in ~~market~~ prices. To take tobacco out of indexing calculations would be trying to have it both ways.

in cigarette indicator of inflation.

October 11, 1993

MEMORANDUM

TO: Cal George

FROM: Susan Stuntz *SM*

RE: Federal tax hearings

In preparation for federal hearings on the federal excise tax/health care reform issues, there are two documents that you should be working on:

1. A hearing readiness memo that details:
 - a. Claims our opponents are expected to make
 - b. Issues that The Institute, its consultants and allies must cover
 - c. Who can be expected to cover all of the issues that are listed in (b)
 - d. Work that remains to be done in terms of studies, readiness of allies and consultants, etc.

2. A statement to be submitted by The Tobacco Institute. This should cover all of the arguments that TI should make -- and especially those that allies cannot or will not make. This includes "social costs" and the claims that a tax increase will prevent young people from smoking. It also should cover, of course, regressivity, fairness, economic impact, CPI, claims that the FET is lower than in most other countries, smuggling. This is by no means an exhaustive list.

I would like to see a draft of the first by the end of this week (October 15) and the second by the middle of next week (October 20). Both should be in near final form before departure for the LMC conference in Phoenix.

October 8, 1993

MEMORANDUM

TO: Bob Lewis
Bob McAdam

FROM: Susan Stuntz *sm*

Attached for your information are letters from:

1. The Coalition of Labor Union Women, to the Congressional Women's Caucus, on the Clinton health care plan. The letter for the most part tracks the AFL's official position, although note that in the fourth paragraph, CLUW says that, "to the extent the plan relies on excise taxes as a major source of new financing, this goal (of improving the current regressive system that unfairly impacts women) will not be met.

2. The A. Philip Randolph Institute, to the Congressional Black Caucus. The message is for the most part the same as that of CLUW.

3. The Williamsburg & Clarendon (SC) Farmers Cooperative, a member of the Federation of Southern Cooperatives, to Sen. Hollings and Rep. Clyburn.

cc: Cal George
Walter Woodson

TI17741200



Coalition of Labor Union Women

15 Union Square • New York, N.Y. 10003 • (212) 242-0700

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October 7, 1993

Honorable Leslie Byrne
1609 Longworth HOB
Washington, D.C. 20515

Dear Ms. Byrne:

On behalf of the Coalition of Labor Union Women (CLUW), whose 20,000 members represent over 7.5 million women in the labor union movement, I want to express our support for President Clinton's efforts to reform the nation's ailing health care system. All Americans, especially working women, are anxious to see health care costs brought under control and universal access to health care assured -- two critical goals of the Clinton program.

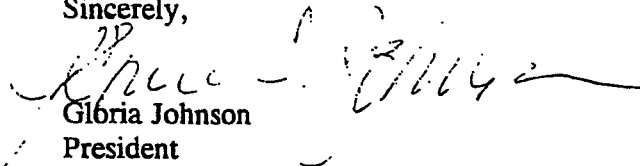
As you know, women in the workplace are especially sensitive to the importance of health care reform; too many women and their children have gone too long without access to affordable, quality care. Delivery of routine mammograms, pap smears, pre- and post- natal health care top a long list of preventive measures that, if available to all women, could dramatically improve women's health care and save lives. Moreover, the significant number of women holding low paying and part-time jobs, means they also comprise a large segment of the uninsured. Reform is critical, and President Clinton has taken an important first step in that process.

As health care legislation moves through Congress, we are hopeful that all lawmakers -- especially the women in the U.S. House and Senate -- will continue your recognition of the particular health care needs of women, long neglected by the government and the medical establishment.

Beyond the basic benefits included in the President's plan, we are concerned that health care reform be financed in a fair and equitable manner. Recently, CLUW prepared a study showing that women pay a far higher share of their income for payroll and consumer excise taxes than do the wealthy. Financing the new health care program should improve rather than exacerbate this inequity and we are concerned that, to the extent the plan relies on excise taxes as a major source of new financing, this goal will not be met. A copy of the study is attached for your review.

In the coming months, CLUW will work to advance the principles of universal coverage, cost containment and fair financing as President Clinton's health care plan moves through Congress. We look forward to working with you during the important months ahead.

Sincerely,


Gloria Johnson
President

Honorable Leslie Byrne
1609 Longworth HOB
Washington, D.C. 20515
Ms. Byrne

Honorable Maria Cantwell
1520 Longworth HOB
Washington, D.C. 20515
Ms. Cantwell

Honorable Pat Danner
1217 Longworth HOB
Washington, D.C. 20515
Ms. Danner

Honorable Rosa DeLauro
327 Cannon HOB
Washington, D.C. 20515
Ms. DeLauro

Honorable Karan English
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Washington, D.C. 20515
Ms. English

Honorable Anna Eshoo
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Ms. Eshoo

Honorable Elizabeth Furse
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Washington, D.C. 20515
Ms. Furse

Honorable Barbara Kennelly
201 Cannon HOB
Washington, D.C. 20515
Ms. Kennelly

Honorable Marcy Kaptur
2104 Rayburn HOB
Washington, D.C. 20515
Ms. Kaptur

Honorable Marilyn Lloyd
2406 Rayburn HOB
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Ms. Lloyd

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1513 Longworth HOB
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1424 Longworth HOB
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Honorable Carolyn Maloney
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Ms. Maloney

Honorable Marjorie Margolies-Mezvinsky
1516 Longworth HOB
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Honorable Patsy Mink
2135 Rayburn HOB
Washington, D.C. 20515
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Ms. Pelosi

Honorable Lucille Roybal-Allard
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Honorable Louise Slaughter
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Ms. Slaughter

Honorable Lynn Schenk
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Ms. Schenk

Honorable Jolene Unsoeld
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Ms. Unsoeld

Honorable Lynn Woolsey
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Ms. Woolsey

Honorable Nydia Velazquez
132 Cannon HOB
Washington, D.C. 20515
Ms. Velazquez

Honorable Blanche Lambert
1204 Longworth HOB
Washington, D.C. 20515
Ms. Lambert

Honorable Karen Thurman
130 Cannon HOB
Washington, D.C. 20515
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325 Cannon HOB
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2244 Rayburn HOB
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223 Cannon HOB
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Ms. Morella

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Ms. Pryce

Honorable Jennifer Dunn
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Ms. Dunn

Honorable Tillie Fowler
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Washington, D.C. 20515
Ms. Fowler

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Washington, D.C. 20510
Ms. Feinstein

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Washington, D.C. 20510
Ms. Boxer

Honorable Nancy Kassebaum
302 Russell SOB
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Ms. Kassebaum

Honorable Barbara Mikulski
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Washington, D.C. 20510
Ms. Mikulski

Honorable Patty Murray
302 Hart SOB
Washington, D.C. 20510
Ms. Murray

Honorable Jan Meyers
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Ms. Meyers

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APRI

A. PHILIP RANDOLPH INSTITUTE

1444 "I" Street, N.W., Suite 300, Washington, D.C. 20005
202/289-2774 FAX: 202/371-0168

October 8, 1993

Honorable Albert Wynn
423 Cannon HOB
Washington, D.C. 20515

Dear Mr. Wynn:

On behalf of the two million black trade unionists represented by the A. Philip Randolph Institute (APRI), I want to express our support for President Clinton's efforts to reform the nation's ailing national health care system. All Americans are anxious to see health care costs brought under control and universal access to health care assured -- two major goals of the Clinton program.

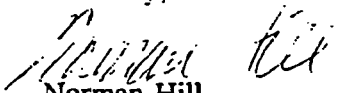
African American workers comprise a large proportion of the uninsured. Even those who have health insurance live in fear of losing their jobs and the health insurance benefits that often are provided with employment.

As the legislation moves through Congress, we are hopeful that all lawmakers will consider the needs of the uninsured -- both employed and unemployed -- and the particular needs of African Americans for preventive, pre- and post-natal health care benefits. We applaud the President's recognition of the importance of these and other health services to our community.

Beyond the basic benefits included in the President's plan, our organization is concerned that the new program be financed in a fair and equitable manner. Recently, APRI prepared a study showing that African Americans pay far higher shares of income in payroll and consumer excise taxes than do the very wealthy. Financing the new health program should improve rather than exacerbate this inequity and we are concerned that, to the extent the plan relies on excise taxes as a major source of new financing, this goal will not be met. A copy of the study is attached for your review.

Throughout the debate on national health legislation. APRI will work to advance the principles of universal coverage, cost containment and fair financing as President Clinton's health care plan moves through Congress. We look forward to working with you during the important months ahead.

Sincerely,


Norman Hill
President

Honorable Sanford Bishop
1632 Longworth HOB
Washington, D.C. 20515

Honorable Lucien Blackwell
410 Cannon HOB
Washington, D.C. 20515

Honorable Carol Moseley-Braun
320 Hart Senate Office Bldg.
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Honorable Corrine Brown
1037 Longworth HOB
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Honorable William Clay
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Honorable James Clyburn
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Honorable Harold Ford
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Honorable Alove Hastings
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Washington, D.C. 20515

Honorable Earl Hilliard
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Washington, D.C. 20515

Eleanor Holmes Norton
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Washington, DC 20515

Honorable William J. Jefferson
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Washington, D.C. 20515

Honorable Eddie Bernice Johnson
1721 Longworth HOB
Washington, D.C. 20515

Honorable John Lewis
329 Cannon HOB
Washington, D.C. 20515

Honorable Cynthia McKinney
124 Cannon HOB
Washington, D.C. 20515

Honorable Carrie Meek
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Honorable Kweisi Mfume
2419 Rayburn HOB
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Honorable Major R. Owens
2305 Rayburn HOB
Washington, D.C. 20515

Honorable Donald M. Payne
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Washington, D.C. 20515

Honorable Charles B. Rangel
2252 Rayburn HOB
Washington, D.C. 20515

Honorable Mel Reynolds
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Washington, D.C. 20515

Honorable Bobby Rush
1725 Longworth HOB
Washington, D.C. 20515

Honorable Robert C. Scott
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Washington, D.C. 20515

Honorable Louis Stokes
2365 Rayburn HOB
Washington, D.C. 20515

Honorable Bennie Thompson
1408 Longworth HOB
Washington, D.C. 20515

Honorable Edolphus Towns
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Washington, D.C. 20515

Honorable Walter Tucker, III
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Washington, D.C. 20515

Honorable Craig A. Washington
1711 Longworth HOB
Washington, D.C. 20515

Honorable Maxine Waters
1207 Longworth HOB
Washington, D.C. 20515

Honorable Melvin Watt
1232 Longworth HOB
Washington, D.C. 20515

Honorable Alan Wheat
2334 Rayburn HOB
Washington, D.C. 20515

Honorable Albert Wynn
423 Cannon HOB
Washington, D.C. 20515

WILLIAMSBURG & CLARENDON FARMERS COOPERATIVE, INC.

P. O. Box 321

GREELEYVILLE, SOUTH CAROLINA 29056

September 28, 1993

Ernest F. Hollings
U. S. Senator
Senate Office Building
Washington, D. C. 20510

Dear Senator Hollings:

The majority of the members of Williamsburg / Clarendon Farmers Cooperative are small farmers with small acreage of land and an even smaller allotment of tobacco acreage.

These farmers who operate these small tobacco acreage depend largely upon this as a supplemental income for their families. Therefore, we are asking that you carefully consider, not supporting the sur-charge or Sin Tax on tobacco or cigarettes.

We ask that you consider supporting a fair tax structure that would relate to all of America, to include the rural poor and small farmers.

We appreciate your interest and assistance in helping the small farmer maintain and save the family farm.

Looking forward to hearing from you. Please respond to: German Glasscho, WCFC, Route 2, Box 246, Greeleyville, SC 29056.

Sincerely yours,


German Glasscho
WCFC Coordinator

CC: Ralph Paige

WILLIAMSBURG & CLARENDON FARMERS COOPERATIVE, INC.

P. O. Box 321

GREELEYVILLE, SOUTH CAROLINA 29056

September 28, 1993

James E. Clyburn
U. S. Rep. for District 6
181 East Evans Street
Florence, South Carolina 29506

Dear Congressman Clyburn:

The majority of the members of Williamsburg / Clarendon Farmers Cooperative are small farmers with small acreage of land and an even smaller allotment of tobacco acreage.

These farmers who operate these small tobacco acreage depend largely upon this as a supplemental income for their families. Therefore, we are asking that you carefully consider, not supporting the sur-charge or Sin Tax on tobacco or cigarettes.

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Looking forward to hearing from you. Please respond to: German Glasscho, WCFC, Route 2, Box 246, Greeleyville, SC 29056.

Sincerely yours,

German Glasscho

German Glasscho
WCFC Coordinator

CC: Ralph Paige

October 8, 1993

MEMORANDUM

TO: Jim Savarese

FROM: Susan Stuntz *sm*

RE: CPI

The debate begins. See articles from today's Wall Street Journal (front page, no less) suggesting seniors will get a \$55 windfall with the tax, a later article from Legi-slate suggesting it's just \$35, and a comment from Tom Daschle that several Congressional committees already have discussed behind closed doors exempting the proposed tobacco tax increase from the CPI because of its impact on federal entitlement payments.

I know Tollison is doing a one-pager. We need that in hand as soon as possible so it can be distributed on the Hill. And at this point we need to have included in it a discussion of why it'd be inappropriate and unfair to change the rules on the CPI now because there's another problem with the health care numbers not adding up. If in fact the CPI is considered a true measure of inflation -- and the marketbasket has been set for years -- changing the rules now doesn't make sense, particularly since it's just for political expediency. We also, of course, might note that the Administration appears to want it both ways, since no one has proposed removing tobacco from the PPI when the government pointed with great pride to the recent drop in that index, due almost entirely to a drop in tobacco prices.

Please let me know when we might be able to see something. As with everything, the need is quite urgent, particularly as regards providing assistance to friends on the Ways & Means Committee.

Thanks.

Attachments

cc: Cal George
Bob Lewis

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Wall Street Journal

October 8, 1993

Page 1

A SENIORS' WINDFALL would result from the 75-cents-a-pack cigarette-tax increase Clinton is expected to propose. The reason: The tax hike would mean a one-time increase in the consumer price index of roughly seven-tenths of a percentage point, which in turn would add about \$55 a year to the average Social Security benefit.

Continued

Search of 1517 Hill News Articles to Find 1

Selected from today's preview list

Friday, October 8, 1993
Copyright (c) 1993 Legi-Slate, Inc.
Article 28109 (45 lines)

Cigarette Tax Boost Would Be Windfall for Social Security Recipients

WASHINGTON, Oct. 8 -- Social Security beneficiaries have a special stake in President Clinton's plan to slap higher taxes on tobacco in the name of health.

It would have the indirect effect of raising their Social Security benefits by roughly \$3 a month.

The reason?

Social Security benefits are tied to the Consumer Price Index, and government officials said Friday that a 75-cent tax increase on cigarettes would push the inflation index up by 0.5 percentage points the year it was enacted.

That in turn would result at year's end in a \$35 annual raise for the average Social Security beneficiary, said officials from the Social Security Administration and the Bureau of Labor Statistics.

And once retirees get a benefit increase, it cannot be taken away in subsequent years.

All of this is contingent upon Congress's enacting the Clinton health plan, which the president is still working on.

In the meantime, the 41 million Social Security beneficiaries will find out next Friday how much their checks will go up for sure in January 1994.

Social Security's actuaries expect that raise to be in the 2.5 percent to 2.7 percent range, depending on the latest Consumer Price Index figures.

The premiums the elderly pay for Medicare Part B coverage of doctor bills and out-of-hospital expenses will also go up in January.

Carolyn Cheezum, a Social Security spokeswoman, said the monthly Medicare premium is expected to climb from \$36.60 to an estimated \$41.10.

Other officials revealed Thursday that the elderly would face a \$12-a-month premium increase to pay for the new prescription drug benefits Clinton has promised Medicare beneficiaries. That program also covers disabled workers.

The Wall Street Journal first reported the Social Security-cigarette tax link Friday, saying it would result in a \$55-a-year windfall. But officials at Social Security and the Bureau of Labor Statistics said their latest calculation was that it would work out to a \$35 increase, not \$55.

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□ Sen. Tom Daschle, D-S.D., said today that members of the Senate Finance and House Ways and Means committees are considering exempting from inclusion in the Consumer Price Index all tobacco products subject to higher taxes under the administration's healthcare reform plan. "Your suggestion is one that is going to be considered," Daschle said in response to a question from a member of the audience he addresses at an insurance group luncheon. "That's a great recommendation." He said it "has already been discussed" in closed-door meeting of members of the two key committees. The idea behind exempting tobacco products from inclusion in CPI calculations is that if tobacco prices rise sharply because of the proposed 75-cents-a-pack tax, the CPI could go up, forcing inflation up and jacking up annual cost of living adjustments to Social Security recipients. That could cost the government \$55 a year per senior, according to a report in today's *Wall Street Journal*.

October 8, 1993

MEMORANDUM

TO: Bob Lewis
Bob McAdam

FROM: Susan Stuntz *SMV*

Following are summaries, with clips that have appeared to date, of the three news conferences that have been held this week in Nashville, Louisville and Macon, GA, featuring tobacco workers and growers calling upon the Administration to reject a cigarette tax to finance health care reform.

Nashville

The Nashville news conference occurred Monday, October 4, in conjunction with the annual meeting of the Burley & Dark Leaf Tobacco Association. Claiborn Crain and Association President Will Ed Clark hosted the press conference, which also included Lisa Eddington from the TGIC, Joe Hawkins of the Tennessee Farm Bureau, Bill Sprague of the Kentucky Farm Bureau Federation, Danny McKinney of the Kentucky Co-Op Association and Mattie Mack, a tobacco farmer from Meade County, KY and a member of the Federation of Southern Cooperatives. Also, Jim Masterson, financial secretary of BC&T Local 16T in Louisville traveled to Nashville to provide the labor perspective.

Press at the news conference included the three local network television affiliates, Reuters and MacNeil/Lehrer News Hour. Although The Tennessean was unable to attend, a reporter met with Crain and other growers on Sunday; that article ran on Monday. Following the news conference, Crain and McKinney did telephone interviews with WBKO radio, the Tennessee State Network, WLAC-AM radio in Nashville and the Memphis Commercial Appeal. CNBC-TV based its story on the Reuters story. Copies of print and broadcast coverage are attached.

Louisville

BC&T Local 16T hosted this news conference at Union Hall across from the PM Manufacturing plant on October 6. Jim Masterson moderated and BC&T Local 16T President Wayne Purvis spoke, along with Ron Cyrus, a state representative from Greenup and Kentucky AFL-CIO secretary treasurer (and country music star Billy Ray Cyrus's father), Ron Harsh, president of the Louisville Central Labor Council, tobacco grower Henry West and Mattie Mack.

TI17741220

Jesse McKnight represented Sen. Ford and Greg Reddington represented Louisville Mayor Abramson. Chief stewards from the other locals at the PM plant also were there representing the United Transportation Workers, International Brotherhood of Electrical Workers, Plumbers and Pipefitters, Sheet Metal Workers, Carpenters, Machinists and the Firemen and Oilers.

Following the news conference, Local 16T showed the video they had produced opposing the tax and announced plans to send copies to all Members of Congress.

Press coverage included the Louisville Courier Journal (front page of the business section), and the three network television affiliates. CNN in Louisville aired an interview with Purvis that evening. While Business First, the Louisville business journal was unable to attend, it asked for an op-ed for its next edition. A copy of Wayne Purvis's submission is attached, along with other press coverage.

Macon

BC&T Local 362T, representing workers at the Brown & Williamson plant in Macon, hosted the October 7 press briefing. Mike Gardner, financial secretary for 362T hosted the event. Other attendees included Herb Mabry, Georgia AFL-CIO President (who returned early from the AFL-CIO convention in San Francisco specifically to attend this event), Hobby Stripling, district director for Rep. Bishop, and Bob Ray, assistant legislative director for the Georgia Farm Bureau. Statements were read from Rep. Rowland and from TGIC's Lisa Eddington.

Among the questions that Gardner fielded were queries on how B&W might be affected. He responded that in his 17 years of employment, he already has seen two other B&W plants close because of excise tax increases.

Press coverage included ABC and CBS television affiliates, an AM radio station and the Macon Telegraph.

Southern Ohio

Although no formal press events were scheduled in Southern Ohio, Jim Masterson (BC&T Local 16T) traveled to Brown County for a number of interviews in conjunction with the county fair there. In addition to local radio stations in Georgetown, West Union and Hillsborough, Ohio, Masterson also was interviewed on a local television station. And growers at the fair suggested that they and the union workers join together for a rally in Washington, D.C.

Attachments

cc: Cal George
Walter Woodson

Nashville Media Sign-In

<u>Name</u>	<u>Affiliation</u>
Jack Crowner	Kentucky Network/WHAS-AM Radio
Donna Jones	WSM-AM Radio
David Collins	WTVF-TV (CBS)
Kenen Block	MacNeil/Lehrer News Hour
Ken Tucker	WSMV-TV (NBC)
(cameraman)	WKRN-TV (ABC)
(illegible)	Reuters

THE TENNESSEAN
BUSINESS

MONDAY, OCTOBER 4, 1993

Cigarette tax expected to cut farmers' tobacco sales by 8%

By JENNIFER GOODE
Staff Writer

If Congress doubles the 24-cent tax on cigarettes, it could cut individual farmers' tobacco sales by 8%, according to figures drawn up by the Burley and Dark Leaf Tobacco Association.

The actual dollar amount would depend on farmers' crop size.

"The excise tax, I think, is the biggest thing on anybody's mind," said Clalborn Crain, vice president of the association, holding its 44th

annual convention at the Opryland Hotel.

Concern over President Clinton's proposed sin tax on cigarettes — designed to raise revenues while addressing health concerns about tobacco use — has swelled convention attendance from its usual 200 to more than 300 farmers from 14 states.

Doubling the tax is the smallest proposal under consideration by Congress; other options call for increases of as much as \$2 per pack. The resulting tax revenues would

help fund Clinton's health-care reform package.

"I don't think you can finance it off of one industry," Crain said. "I think the President and Congress are going to have some difficulty as they get into some details."

Joe K. Thomas III, a Bristol, Tenn., tobacco and cattle farmer, grosses about \$3,500 per acre from his tobacco, and says switching to any other cash crop would require him to farm at least four times as much land.

"Tobacco is our livelihood.

There are a lot of farmers ... tobacco is their only source of income, they're not diversified," Thomas said.

While estimated impact on individual farmers varies, they are also concerned about the tax's regressive nature.

"A lot of people are going to continue to smoke," Thomas said. "The people it's going to hurt will be low-income families."

The convention will continue through tomorrow, addressing

items such as tobacco trade regulations, crop outlooks and the future of the tobacco industry.

Experts have said that the hefty tax increases proposed by the Clinton administration would be high enough to cause millions of Americans to stop smoking. For each 10% increase in price, somewhere between 2% and 5% of smokers quit, according to figures supplied by the U.S. Department of Agriculture.

Some 50 million Americans smoke. ■

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BC-TOBACCO

TOBACCO GROWERS ASK WASHINGTON TO REJECT NEW TAX

NASHVILLE, Tenn. (Reuter) - Tobacco growers in seven states Monday called for a rejection of a proposed new cigarette tax to help pay for health-care reforms.

"We enthusiastically support President Clinton's efforts to reform our nation's health-care system," said Claiborn Crain, managing director of the Burley & Dark Leaf Tobacco Association, in a statement.

"But that reform cannot come at the expense of the South and its family farmers," said Crain, who claimed a rise in tobacco taxes would single out the region.

In remarks delivered at the tobacco group's annual convention in Nashville, Crain said research showed a 75 percent rise in federal tobacco taxes would cost the South 3.5 times more jobs than it would the rest of the economy.

Clinton has suggested a tobacco tax of 75 cents to \$1.00 on every pack of cigarettes to help pay for health-care reforms.

The current federal tax on cigarettes is 24 cents a pack.

The industry group represents tobacco growers in Tennessee, Kentucky, Indiana, Missouri, Ohio, Virginia and West Virginia.

REUTER

Reut14:49 10-04

TI17741224

RADIO TV REPORTS

New York: 212 309 7400
Chicago: 312 541 2020
Detroit: 313 344 1777
Los Angeles: 213 466-6124
Washington, D.C.: 301 654 4066
Boston: 617 536 2232
Philadelphia: 215 567-7600
San Francisco: 415-466 6124
Miami: 305-358-3330

NATIONAL MARKET COVERAGE

TRANSCRIPT

FOR OGILVY, ADAMS & RINEHART STATION CNBC TV
PROGRAM World Business CITY New York
DATE October 5, 1993 6:00 AM AUDIENCE
SUBJECT Tobacco Growers and Sin Taxes

BROADCAST EXCERPT

SUSIE GHARIB: And more on health care.

Tobacco growers in seven states say they oppose the proposal to raise cigarette taxes to help pay for President Clinton's health care plan.

Yesterday, growers said they support President Clinton's efforts to overhaul the nation's health care system, but that reform can't come at the expense of the South, which would be hit especially hard by higher cigarette taxes.

NATIONAL MARKET COVERAGE

TRANSCRIPT

FOR OGILVY, ADAMS & RINEHART STATION WSM Radio

PROGRAM WSM Radio News CITY Nashville, Tennessee

DATE October 4, 1993 5:55 PM AUDIENCE

SUBJECT Tobacco Growers Meeting in Nashville

BROADCAST EXCERPT

BUDDY SANTLER: It's 5:55. Good afternoon. I'm Buddy Santler in the WSM News Center.

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* * *

SANTLER: Tobacco growers from across the South are meeting in Nashville this week, and at the top of their agenda persuading the Clinton administration not to put a huge excise tax on cigarettes.

Kentucky tobacco farmer Bill Sprague says it would cost jobs and ruin rural communities and farmers.

BILL SPRAGUE: We believe that there's other ways to finance health care. And we think there're fairer ways to finance health care. And we would be working to try to see that we can arrive at those fairer ways to get the job done.

SANTLER: The Clinton administration has suggested a tobacco tax of 75 cents to a dollar-a-pack to help defray the cost of this health care reform plan.

RADIO TV REPORTS

New York: 212 329 1200
Chicago: 312 541 2070
Detroit: 313 344 1177
Los Angeles: 213 466 6124
Washington, D.C.: 301 656 4044
Boston: 617 536 2232
Philadelphia: 215 547 6000
San Francisco: 213 456 6124
Miami: 305 350 3358

NATIONAL MARKET COVERAGE

TRANSCRIPT

FOR OGILVY, ADAMS & RINEHART STATION WSM AM Radio
PROGRAM WSM Radio News CITY Nashville, Tennessee
DATE October 4, 1993 6:55 PM AUDIENCE
SUBJECT Tobacco Growers Meeting in Nashville

BROADCAST EXCERPT

DEB FAIR: It's 6:55. Good evening. I'm Deb Fair in the WSM News Center.

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FAIR: Tobacco growers from across the South are meeting in Nashville this week with one primary mission: getting the Clinton administration to lighten up on its idea of putting a tax of 75 cents to a dollar on a pack of cigarettes.

Tobacco industry spokeswoman Lisa Ettington says a higher tax could be the straw that breaks the industry's back.

LISA ETTINGTON: For American tobacco growers, it is now a matter of survival. Tobacco growers simply cannot afford to bear any more of the tax burden. Higher tobacco taxes equal back tax policy, bad politics and bad policy all the way around.

FAIR: Ettington says consumer excise and sales tax on tobacco already represent almost a third of the price of a pack of cigarettes. President Clinton says a higher tax on tobacco could go towards his health care reform plan.

RADIO TV REPORTS

NATIONAL MARKET COVERAGE

TRANSCRIPT

FOR OGILVY, ADAMS & RINEHART STATION WLAC AM Radio
PROGRAM WLAC Radio News CITY Nashville, Tennessee
DATE October 4, 1993 5:10 PM AUDIENCE
SUBJECT Burley Growers Opposed to Sin Tax on Tobacco

New York: 212 317-4000
Chicago: 312 543 2000
Detroit: 313 344-1177
Los Angeles: 213 466 6124
Washington, D.C.: 301 656 4668
Boston: 617 536-2232
Philadelphia: 215 667-7600
San Francisco: 415 466-0124
Miami: 305 358-1056

BROADCAST EXCERPT

NEWSCASTER: Tobacco growers say an increase in the tobacco tax to pay for health care is singling them out unfairly and will hurt the South financially.

Burley Tobacco Growers Cooperative executive director Danny McKinney says no one can point to any one thing in tobacco that does cause health problems.

DANNY MCKINNEY [Burley Tobacco Growers Cooperative]: There has not been a significant revelation made or discovery made that one property or another may be harmful. I think tobacco smoking is like a lot of other products. Moderation is probably the key to it.

NEWSCASTER: McKinney says if the government wants to be fair, it should tax everything which causes health problems to some, such as salt, alcohol, and foods heavy with cholesterol.

The worst thing some senators and representatives might do politically is totally block passage of some kind of national health care. Vanderbilt political scientist Bruce Oppenheimer says politicians who block passage of any health care plan will find their jobs in jeopardy at the next election.

BRUCE OPPENHEIMER: They're in a worse situation if nothing passes. I think if something passes, then they're less likely to be held accountable, because the issue will have been resolved in some ways.

NEWSCASTER: Oppenheimer says it's almost a given that some kind of national health care bill will pass by next year. He says the battle will be over what kind of plan that will be.

RADIO TV REPORTS

New York: 212-509-4111
Chicago: 312-541-2320
Detroit: 313-344-1177
Los Angeles: 213-465-6124
Washington, D.C.: 202-656-4068
Boston: 617-536-2232
Philadelphia: 215-567-7600
San Francisco: 415-466-6124
Miami: 305-358-3358

NATIONAL MARKET COVERAGE

TRANSCRIPT

FOR OGILVY, ADAMS & RINEHART STATION WHAS AM Radio
PROGRAM News Radio 84 CITY Louisville, Kentucky
DATE October 4, 1993 6:00 PM AUDIENCE
SUBJECT Concern Expressed over Proposed Hike in Tax on Tobacco

BROADCAST EXCERPT

BETH MERRILL: A tobacco industry official says President Clinton's proposed cigarette tax would hit the southern tobacco grower hard and could result in decreased revenues marked for funding for a national health care system.

The managing director of the Burley & Dark Leaf Tobacco Association says the industry supports the President's efforts to reform the nation's health care system, but he says reform is desperately needed by rural communities and farmers.

And the poverty line has been set at \$14,335 for a family of four. And the latest poverty figures rank Kentucky as the fifth poorest state in the nation.

* Nashville Conference

Louisville Media Sign-In

<u>Name</u>	<u>Affiliation</u>
Brooke Willis	WHAS-TV (ABC)
Denise Koenig	Philip Morris
John Goff	Associated Press
Dave Hofmonson	WAVE-TV (NBC)
Steve Flood	WAVE-TV (NBC)
Sharon Burton	The Farmer's Pride
Greg Otolski	Louisville Courier-Journal
Michael Hayman	Louisville Courier-Journal

Tobacco workers say reform weighs heavily on them

By GREG OTOLSKI
Business Writer

The message coming from the tobacco workers' union hall in Louisville yesterday was clear — the union favors health-care reform, but not an increase in the federal cigarette tax.

"This proposal asks one group of workers and one region of the country to pay for health-care reform, and that's not fair," said Wayne Purvis, president of the Bakery, Confectionery and Tobacco Workers International Union Local 16-T. "We can't afford to lose these jobs," he said. "If this is the cost of national health care, then the cost is too high."

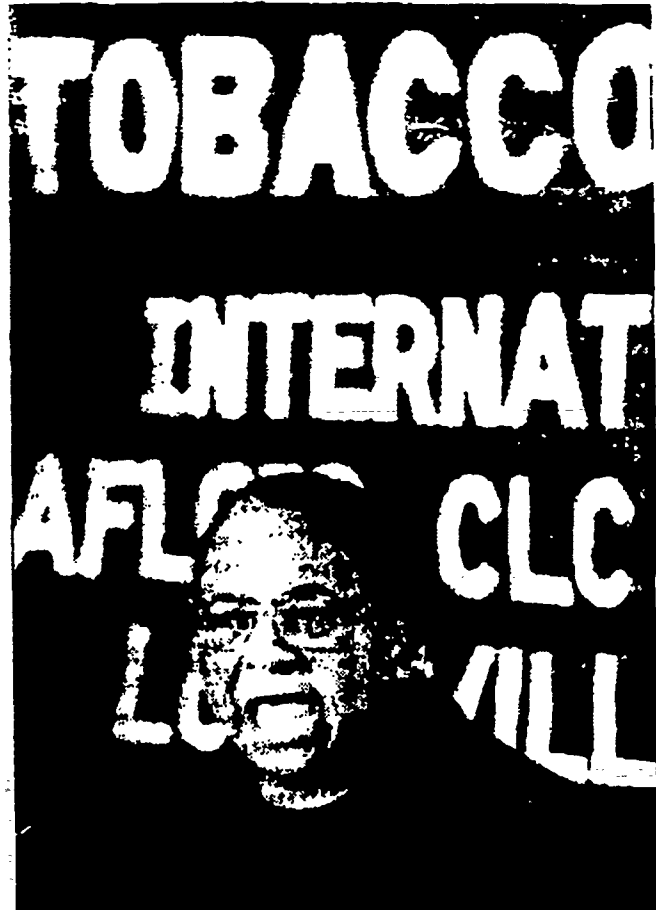
Local 16-T, which represents about 1,700 workers at the Philip Morris cigarette plant in Louisville, brought in union leaders and tobacco farmers from around Kentucky yester-

day to show their solidarity in fighting any increase in cigarette taxes.

The union representatives and tobacco farmers said that an increase of 75 cents in the federal tax on a pack of cigarettes would cost an estimated 7,398 jobs in Kentucky and 1,293 in Indiana. They cited a study by Price Waterhouse, which estimates that a 75-cent tax increase would cost the country about 81,762 jobs and that nearly 40,000 of those jobs would come from 12 states in the South.

Although President Clinton has not said how much he wants to increase cigarette taxes to help pay for national health care, it is believed he will propose raising the tax an additional 75 cents a pack, from the current 24 cents. It has been estimated that a 75-

See WORKSHOP
Page 3, col. 4, this section



STAFF PHOTO BY MICHAEL HAYMAN

Meade County tobacco farmer Mattie Mack joined tobacco-union workers in Louisville yesterday in opposing higher cigarette taxes to fund health-care reform.

WORKERS

Continued from Page E 1

cent tax increase would raise \$10 billion to \$11 billion in new revenue.

Ron Cyrus, executive secretary-treasurer of the Kentucky AFL-CIO, and other union leaders attending yesterday's news conference said they want to see health-care reform paid for with a financing measure that doesn't affect one industry and one region so heavily.

"We need to finance health care by a more stable method rather than by depending on people to buy a product to do it," said Ron Harsh, president of the Greater Louisville Central Labor Council.

Kentucky's tobacco farmers, like the workers in the cigarette plants, also favor health-care reform, but they adamantly oppose an increase in the cigarette tax, said Mattie Mack, a tobacco farmer from Meade County.

Mack said that she has reared four of her own children and 38 foster children on her 100-acre farm and that the money from tobacco has paid for their medical care, for food and for them to go to college.

She said she would like to invite the president's wife, Hillary Rodham Clinton, who has led the effort to reform the country's health-care system, to her farm.

"There's a lot of women working in tobacco, and we don't like what she has been saying," Mack said.

"Mrs. Clinton, we're saying that you should go down the line and hit everyone who is going to benefit from this," she added.

The union leaders also showed a videotape they prepared in opposition to the tax and said they plan to send it to every member of Congress. Purvis said the tobacco-union workers plan to write and call members of Congress and to make presentations at public events, such as the upcoming Harvest Homecoming festival in New Albany, Ind., to rally public opposition to the tax.



B.C.T.W.I.U. LOCAL UNION NO. 16T

1827 West Broadway • Louisville, KY 40203
(502) 778-3376

OFFICERS

J. Wayne Purvis
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Vice-President

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Recording Secretary

James R. Masterson
Fin. Secretary-Treasurer

Marty B. Cook
Sergeant at Arms

TRUSTEES
Leo Gallagher
Buddy Hitt
Judy Chesser

October 6, 1993

Mr. Andy Eggers
Managing Editor
Business First
111 West Washington Street
Louisville, KY 40203-1311

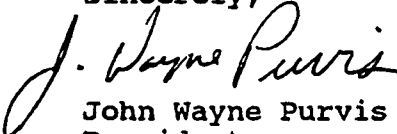
Dear Mr. Eggers:

Local 16-T of the Bakery, Confectionery and Tobacco Workers International Union held a press conference today to talk about President Clinton's proposal to increase tobacco taxes to pay for health care reform. We represent 1700 workers at the Philip Morris plant in Richmond who could lose their jobs if a monster tobacco tax increase becomes a reality. Joining us at the press conference were tobacco farmers from across Kentucky who are also concerned that the proposed tax increase would threaten their livelihoods.

I have attached an opinion-editorial that outlines the issues we discussed at the press conference. On behalf of the thousands of people in Kentucky whose lives depend on tobacco, I would appreciate it if you would run my editorial on your commentary page.

Thank you in advance for your assistance.

Sincerely,


John Wayne Purvis
President

"Tobacco Workers - we do more than just blow smoke."

T117741232

TOBACCO WORKERS AND FARMERS FIGHT TO DEFEND THEIR JOBS AS
TOBACCO TAX TAKES AIM AT THE SOUTH
by John Wayne Purvis

As President of the Bakery, Confectionery and Tobacco Workers International Union Local 16-T, I represent 1700 workers at the Philip Morris plant here in Louisville. We are all deeply concerned about talk in Washington of increasing the federal excise tax on tobacco to pay for health care reform.

I want to make it clear that our union strongly endorses President Clinton's efforts to control health care costs and provide universal coverage to all Americans. Indeed, the health care system in the United States is in need of reform and we applaud the President's recognition of this fact.

However, President Clinton and his aides have suggested that a tobacco tax of between 75 cents and one dollar will be the main tax proposed to pay for their health care plan. All Americans have a stake in health care reform -- asking one group of workers, one industry and one region of the country to foot the bill for a national program is simply not fair.

It is unfair to the tobacco workers we represent who are already struggling with the reduced hours brought on by a sluggish economy. It is unfair to the many people in Kentucky who grow tobacco and are fighting to keep their farms. It is unfair to the state of Kentucky which could lose over 6 million dollars in

revenue and it is unfair to the South as a whole which will lose 3.5 times more jobs than the rest of the nation.

According to a study of employment and compensation in the tobacco industry, a 75 cent increase in the tobacco tax will cost the state of Kentucky over 7,000 jobs in the tobacco sector alone. That does not include the many jobs created when the money tobacco workers earn is re-spent in our communities to raise our families, educate our children and provide for our retirement. The simple fact is that Kentucky cannot afford to lose these jobs. We believe that if this is the cost of health care reform, the cost is too high.

And the revenue raised from this unfair tax will not even pay for national health care. History has shown that tobacco taxes are an unstable source of revenue and that as the cigarette tax increases, the revenue raised decreases proportionately. Meanwhile, health care costs go in only one direction -- up. If health care reform relies on tobacco taxes for financing, health care reform will fail.

During the presidential campaign, Bill Clinton told us he could reform the health care system without raising anyone's taxes. He said that there is so much fat and waste in the system that a more efficient system would save billions of dollars. We agree with the President and want to see those savings achieved. We also want to see a health care program that is fair to our workers, our

farmers and our region of the country. A tobacco tax increase does not meet the fairness test and we cannot support it.

Kentucky tobacco workers and farmers are teaming up to fight this unfair tax and to urge the Clinton administration and the Congress to reject the notion of singling out one industry and one region to bear the cost for a national program. We urge all the citizens of Kentucky to join us in the fight.

[John Wayne Purvis is President of the Bakery, Confectionery and Tobacco Workers International Union Local 16-T. Wayne represents 1700 workers at the Philip Morris plant in Louisville.]

Macon, Georgia Sign-In Sheet

Name

Affiliation

**Carri Dimke
Brenda Bernard**

WGXA-TV (ABC)

Alonzo Westbrook

WMAZ-TV (CBS)

Mike Billips

The Macon Telegraph

Ken Mann

WDEN-AM

Tobacco growers, workers join forces to fight proposed cigarette tax increase

By Mike Billips
The Macon Telegraph

Tobacco workers and growers banded together Thursday to brand a proposed tobacco tax hike as the worst Yankee idea since Reconstruction.

In press conferences held in Macon, Nashville and Louisville, Ky., the Bakery, Confectionary and Tobacco Workers union joined forces with the Burley and Dark Leaf Tobacco Growers Association.

According to the union and growers, 39,576 tobacco-related jobs would be lost in 12 Southeastern states if the current 24-cent federal cigarette tax were raised by 75 cents a pack. Georgia alone would lose 3,432 jobs, the study estimated. The study estimated 42,190 jobs would be lost in the rest of the country.

Union representatives said the tax would place a dis-

The union and growers said Georgia alone would lose 3,432 jobs if the current 24-cent federal cigarette tax were raised by 75 cents a pack.

proportional and unfair burden on the South.

The numbers were based on a study by Price Waterhouse, one of the country's largest accounting firms. The study did not include estimates for the number of jobs that might be created in other industries if the tax were passed and lowered smoking rates. Proponents of the tax say that if fewer Americans smoke, there would be less smoking-related illness and higher productivity, freeing capital to create other jobs.

October 8, 1993

MEMORANDUM

TO: Sam Chilcote
Bob Lewis

FROM: Susan Stuntz *smv*

A Citizen Action representative (who happens also to be EPA Administrator Carol Browner's husband) threw himself in front of what threatened to be a runaway train yesterday when the health care reform coalition organized by Sen. Rockefeller decided on the spur of the moment to send a letter to the Hill supporting the tobacco tax.

With the key AFL-CIO representatives in San Francisco at their convention, Citizen Action's lone representative stood up and opposed the move as bad public policy. It was tabled; but there's no reason to expect that someone might not raise it again. We're also taking steps to ensure that representatives from the AFL are sensitized to concerns of the BC&T.

cc: Cal George
Bob McAdam

TI17741238

Tommy Payne
Bob Reese

We've spoken briefly about the idea of trying to encourage the NC Democratic Committee to run an ad in the N&O next Tuesday regarding "endangered species" in the state. After trying to walk the fine lines between everyone's sensitivities, the result was a straightforward letter to the President.

A copy is attached for your information.

Ed Welch in Rep. Lancaster's office tells me the new state committee chair is squeamish (he's new and he's a Clintonite), so I'm not hopeful. But the letter itself -- or some version of it -- if not used now can be used later.

Sms

10/8/93

Dear President Clinton:

The Democratic Party in North Carolina has a long record of standing up for working people. We have effectively fought and won many battles in our state and national legislatures for good jobs, good wages, and decent working conditions.

And we have a record of standing by you, too, and fighting by your side for legislation you believe is important to our nation.

When you asked us to vote with you -- and needed every single one of our Congressional delegation votes -- to help balance the federal budget, our Democratic Congressional delegation voted twice unanimously to pass the Clinton Deficit Reduction Plan.

Now, North Carolina Democrats are under attack, as never before, by the Republican Party. The issue is taxes.

The fact is, your proposed tobacco tax increase, if successful, could add two new "endangered species" to the list you keep in Washington: North Carolina tobacco workers who stand to lose tens of thousands of jobs, and the North Carolina Democratic Party, whose eight Congressional Members would find themselves in the political fight of their lives.

The tobacco tax is wrong, unfair, and bad policy. And unless you rethink it, it will be a lot more costly to all of us than you ever intended.

Sincerely,

The North Carolina Democratic Party

October 8, 1993

MEMORANDUM

TO: Ed Welch

FROM: Susan Stuntz *SMV*

Attached is a draft of the "Dear President Clinton" advertisement that has been drafted for the North Carolina Democratic Committee.

I can have camera ready copy to you this afternoon, and will get it two you in two sizes: 1/2 page (which would cost \$3237.30) and 1/4 page (at \$1618.65).

The ad deadline for Tuesday's paper is Monday at 5 p.m.

Attachment

T117741241

Dear President Clinton:

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Sincerely,

The North Carolina Democratic Party