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ROBERT S. McADAM
Vice President
Special Projects

MEMORANDUM

October 7, 1991

TO: Jim Cherry
FROM: Bob McAdam *RM*
SUBJECT: Short Term Initiative Decisions

~~Letter~~
Some prep material for
the Nov. 5 meeting. If
you believe Nick will be
with you, perhaps he
should see too.

JRL 10/11

As you will note from the State Activities Policy Committee meeting announcement, we will be holding a meeting on all initiatives pertaining to the industry on the afternoon of November 5 here in Washington. I will be back to you with more specifics at a later point in time about that meeting.

In the meantime, there are a few issues that need our attention, and cannot wait until that meeting. They are as follows:

Massachusetts

Our counsel is recommending that we proceed with a lawsuit aimed at declaring the initiative unconstitutional based on its violation of Article 48 of the Massachusetts Constitution. This approach has some merit and there is little case law in existence to guide us on our chance for success; however, I believe it is worth pursuing. The additional legal costs for this effort are approximately \$50,000.

We must also begin to develop our lobbying coalition and our lobbying strategy for the legislative session that will consider this initiative early next year. As you know, Massachusetts initiative law requires consideration of initiative petitions by the legislature. If the legislature passes the initiative, it becomes law without a vote of the people. If the initiative is defeated in the legislature, the proponents have an opportunity to gather additional signatures which would result in the issue appearing on the November, 1992 ballot. To conduct the necessary polling, to develop the appropriate lobbying strategy, and to retain the appropriate lobbyists for the program we need to budget \$150,000 through the end of this year.

Finally, you may recall that we sought approval of an initial \$120,000 to launch our effort in Massachusetts, including the necessary legal work that resulted in filing appropriate challenges to the measure's constitutionality and to the ballot and petition language. I have attached the resulting petition language for your information. Since this assessment has yet to be issued, I would propose to combine all of these amounts into one, leaving a total assessment of \$320,000.

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Colorado

It is clear that the proponents of a tobacco tax initiative are far more sophisticated this time than they have been during the past two election cycles. The proponents have retained competent campaign assistance and have acquired a substantial financial base from which to operate. As a result, we need to begin to organize our efforts in preparation for a full battle in this state.

Interestingly, the battle over the 1990 initiative is not yet over. On October 9, the State Supreme Court will hear oral arguments. If the court should rule in favor of the proponents, it is at least possible that the 1990 initiative could be automatically placed on the 1992 ballot.

In either event, we need to begin preparation. Pancho Hays has suggested a limited budget through the end of this year. Total contribution would be \$100,000.

Jim, I would appreciate your thoughts on these two situations as soon as possible. If we can obtain concurrence from the various company participants, we can move forward in an efficient fashion.

RSM/mln

Attachment

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