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JAMES SAVARESE

1901 L St. NW, Suite 300 Washington, DC 20036 (202) 452-9520

AND ASSOCIATES

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MEMORANDUM

TO: Bob McAdam

FROM: James Savarese
Tom Donahue

SUBJECT: Massachusetts Tax Campaign

This memorandum describes a plan to encourage organized labor and its allies in Massachusetts to oppose actively the proposed 25 cents per pack increase in the state excise tax on cigarettes.

I. BACKGROUND

In late 1991, at the request of the Tobacco Institute, we held a series of individual meetings with the leadership of key labor and liberal interest groups in Massachusetts. Our talks included meetings with the leadership of:

- o Massachusetts AFL-CIO
- o Tax Equity Alliance for Massachusetts (TEAM)
- o Key public sector unions.

At that time, we discussed the potential for aggressive and sustained action by these parties and their political networks in opposition to the proposed excise tax increase.

Both the state federation and TEAM indicated that they would be willing to work with the Labor Management Committee to develop a program aimed at defeating the proposal in the state house and through the initiative process. As we had anticipated, we were told that such a position would only be possible in the context of a broader campaign in support of tax fairness.

Specifically, labor's formal policy and goals (as adopted by resolution at the state AFL-CIO convention, October 1991) include:

- o Opposition to the excise tax initiative
- o Support for a constitutional amendment to permit graduated income tax rates
- o Support for an amendment to tighten compliance with corporate income taxes.

II. OBJECTIVE

To translate labor's policy position on excise taxes into directed, concrete political action aimed at defeating the state excise tax initiative.

III. RESOURCES

For us to accomplish this objective, our potential allies will require additional resources -- beyond their own capabilities -- which they would devote to this effort. Specifically, they need to create and sustain a comprehensive tax fairness campaign. Such a campaign would be driven by an economic analysis that provides the intellectual basis for their political position.

In addition, these groups will need substantial support and assistance in the area of coalition-building, primarily within the labor movement. Finally, they will need assistance in the area of strategic communications.

The resources which we would employ in this effort include:

- o Savarese & Associates -- project management; coalition-building
- o Ogilvy Adams & Rinehart -- labor coalition-building and coalition support; public relations
- o The Strategy Group -- labor/tax expertise
- o Urban Resources and Associates -- state labor liaison.

IV. POLITICAL STRATEGY

The current battleground for the parties engaged in the tax debate is the state legislature. If the measure is defeated in the legislature, the next challenge will be through the initiative process. Excise tax proponents will seek to collect a sufficient number of signatures to put this provision on the state ballot. If the proposal appears on the ballot, the fight will continue until the November election.

Less than 25% of Massachusetts residents are smokers. The majority would likely vote in favor of higher cigarette taxes to raise revenue and curb smoking. However, the liberal electorate could be persuaded to support a tax fairness campaign based on support for a progressive rate structure. Thus, we must establish an inseparable linkage between support for tax fairness and opposition to the excise tax initiative.

With the fair tax campaign as the overarching vehicle for the anti-excise tax message, our strategy consists of three parts -- educate, organize, and mobilize.

It is designed to coordinate the diverse voices of organized labor across the state. The campaign will reach vertically from the leadership of the state AFL-CIO and the Labor Management Committee (LMC) unions to the central labor councils and local unions throughout Massachusetts. And, the campaign will reach horizontally across the diverse trades represented by unions in the state.

V. PROGRAM ELEMENTS

1. FAIR TAX STUDY

We recommend that, through the Labor Management Committee, we pursue publication of a critical study which analyzes the equity of the current tax structure against various other proposals, including the excise tax proposal.

The turnkey for this effort would be a letter from Massachusetts AFL-CIO President Faherty to the LMC requesting support for a special TEAM project on the excise tax question. The study would be jointly sponsored by TEAM and the state AFL-CIO and would be prepared by The Strategy Group with the involvement of Citizens for Tax Justice (CTJ). It would be widely distributed to labor leaders, decision-makers, media (see "Media" below) and other influentials.

2. COALITION-BUILDING

A. TEAM --

Our intent is to continue our discussions with TEAM leadership concerning the tax fairness issue. The fair tax study would be the centerpiece of this effort. Specifically, we would look for TEAM to promote the study and to publicly oppose the excise tax proposal. This would include advocating this position in the group's communications with its constituency, decision-makers, the general public and the media. Our office would coordinate with TEAM through each step of the project.

B. Organized Labor --

The next logical step in mobilizing organized labor against the excise tax is to coordinate a program with the state AFL-CIO aimed at key labor leaders and their membership throughout the state. Specifically, we would target individual unions, central labor councils and building trades councils across Massachusetts. The TEAM/AFL-CIO tax study would be the cornerstone of our labor outreach efforts.

In addition, we would develop a set of materials which complement the study and explain the issue from a labor perspective. These materials would include fact sheets, policy papers, and copies of relevant news articles and resolutions supporting our position.

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The program begins with outreach to the member unions of the Labor Management Committee (LMC). These unions, especially the Sheet Metal Workers and Tobacco Workers, together with the cooperation of the state AFL-CIO will allow us entree to the largest and most politically active unions in the state.

Based upon our discussions and understanding of organized labor in Massachusetts, we will focus on the following key labor organizations:

- o BC&T -- LMC member; predominantly bakery members in the state, but will support tobacco side of union. Contact: Ray Scannell, International staff; Tom Gleavy, Massachusetts business manager.

- o Sheet Metal Workers -- LMC member; actively engaged in the IAQ issue; good contacts with Local #17; Contact: Jim Golden, International staff, Washington, D.C.

- o Public Sector Unions --

Since public sector employees are the beneficiaries of public revenue, their unions are sometimes caught between two competing agenda -- the desire to support progressive tax policy and the need to protect their members' job security. Therefore, we must make special efforts to include this sector in our outreach activities.

- * American Federation of State, County and Municipal Employees (AFSCME) -- initial discussions held December 1991 with Joe Bonavita, state AFSCME council representative.

- * American Federation of Teachers (AFT) -- union is close to Massachusetts AFL-CIO Legislative Director Marty Foley.

- * Service Employees International Union (SEIU) -- large, politically active union; represents janitors, hospital workers, clerical workers.

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- o Building Trades --
The building and construction trades also depend partially on public expenditures and therefore deserve special attention in our coalition-building effort. The Sheet Metal Workers union is our gateway to this important audience and voting bloc. Particularly active is the Boston Building Trades Council.

 - o Industrial Unions --
In addition to BC&T, which represents workers in the state's bakery industry, we will conduct outreach activities with the Machinists, the Electrical Workers and others.

We would coordinate presentations by our representatives at meetings and conventions of these labor organizations, including scheduling and scripting remarks. After reviewing the content and rationale of the state AFL-CIO tax policy with these audiences, we would request their direct involvement in the tax fairness campaign.

During the legislative debate on the issue, we will work closely with the state federation and its legislative director, Marty Foley, to develop a coordinated lobbying campaign aimed at the state legislature's Joint Taxation Committee.

We would be responsible for the planning, drafting and execution of elements such as:

- o Correspondence -- letters from labor organizations opposed to the measure
- o Legislative testimony -- preparation of testimony and witnesses
- o Grassroots lobbying -- personal visits to key members' offices in the capitol
- o Events -- e.g., news conferences
- o Media relations -- news releases, op-eds, letters-to-the-editor, interviews.

As the debate shifts to the initiative process, we would conduct a similar effort, including media, events and internal labor communications. For example, we would aim to include an anti-excise message as part of the state federation president's "State of the Union" address early this year.

As part of the campaign, we would hope that the state AFL-CIO include its opposition to the initiative in its sample ballot and other election materials. These materials are distributed to every union and central labor council within the state and provide a great deal of guidance to voting union members.

3. COMMUNICATIONS

A. Labor Media

Central to our efforts to reach labor organizations and their members is the use of the labor media network in Massachusetts. The state federation and virtually every central labor council publishes a newspaper sent to each union member within their jurisdiction. In addition, we would work with the state AFL-CIO and councils to communicate its position through special election-related mailings and alerts during the tax fairness campaign.

B. General Media

Third parties will be promoted as credible spokespersons on the fair tax campaign. In this manner, we will be able to bring several voices to the debate which are viewed as tied to progressive interests rather than to business interests.

Specifically, we will pursue media opportunities for labor and allied spokespersons on the subjects of tax fairness and the TEAM/AFL-CIO study. We anticipate utilizing each of the following vehicles:

- o news conferences
- o public events (to be determined)
- o one-on-one and editorial board interviews
- o op-eds
- o letters-to-the-editor.

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BUDGET

The estimated budget for activities related to the proposed tax fairness campaign in Massachusetts follows. The term of the project is ten months, from January 15 to November 15, 1992.

<u>Activity</u>	<u>Staff Hours</u>	<u>Expenses</u>
Fair Tax Study		
Development/Drafting	\$ 18,000	-----
Printing	-----	\$ 10,000
Coalition Support		
LMC Grant -- TEAM *		\$ 51,000
Additional Ally Support **	-----	\$ 10,000
Coalition Building (staff hrs.: \$15,000/month)	\$ 150,000	\$ 25,000
Communications/Media (staff hrs.: \$7,000/month)	\$ 70,000	\$ 7,500
Materials Development	\$ 30,000	\$ 7,500
Subtotal	\$ 268,000	\$ 111,000
TOTAL	\$ 379,000	

* We recommend that the previously discussed grant of \$50,000 be distributed on a monthly basis. Funding would begin now and continue until the election. Because of the start-up costs involved in the project, we recommend an initial grant for the first month's activities (Jan. 15 - Feb. 14) of \$15,000. Nine subsequent installments at \$4,000 would complete the funding cycle. Thus, the total expenditure would be \$51,000.

** This amount would be used on a contingency basis for support of third-party activity.