

CALIFORNIA

- 25 cent tax increase (10 to 35 cents).

- Revenues:

- 45% medical industry for indigent care.
- 25% allocated by legislature among these programs.
- 20% for education aimed at smoking and children.
- 5% parks and wildlife preservation and fire protection.
- 5% health research into tobacco-related diseases.

- Status

- Constitutional amendment/initiative requiring 654,000 signatures.
- Petition has qualified (1.2 million turned in).
- No anti media, have hired:
 - Jack Nickol: continue as campaigning.
 - Sid Gilanty: retained for media.

- Campaign Team

- "California Against Unfair Tax Increases"

- Strategy Team:

- David Townsend (Townsend & Company) - Campaign Manager
 - Jose Hermocillo
- Ken Khachigian - Strategy & Issues Research
 - Joe Rodota (Issues Research Director)
- Hal Larson - Media
- Steve Merksomer (Neilson, Merksomer, etc.) - Legal Counsel
- Jeff Raimundo - Public Relations
- Jack Kelly - Industry Liaison
- Lance Tarrence/Rich Ryan (Tarrence & Assoc.) - Polling

- Other Staff

- Nancy Hefferman - Townsend & Company
- Susan Fransen - O & M Public Relations
- Max Besler - Field Director
- Steve Presson - Field Consultant
- Ray McNally - Direct Mail

- Campaign Status

- Radio Started Wednesday, June 8
- Television will start June 20
- Developing action kit and general brochure for general and targeted groups.
- Professional spokespersons being identified.
- Qualitative research for issue refinement underway.
- Next poll - June 25

● Strategy:

1st Wave Raises questions about initiative money going to promoters.

2nd Wave - 5th Wave - Issue Specific

- Crime/street gangs
- No money going to research
- Education on anti smoking will only replace 130mm
- Regressiveness
- Legislature rejected tax increase
- Medical community

● Budgets

\$ 1.4mm Industry - pre-qualification
13.7mm Industry - post-qualification
\$15.1mm TOTAL Industry

\$ 6.3mm RJR's Share
4.5mm RJR's Company efforts

\$10.8mm TOTAL ('87 AR for \$690m, '88 AR for \$10,170m from Marketing/Public Issues contingency)