



**MEMORANDUM**

**VIA FACSIMILE -**

TO: Mr. Jody Powell  
Mr. David Kraywits

FROM: Michael Shannon

DATE: December 20, 1999

Attached are several items that will hopefully help in the process:

1. Governor's press release dated 12/17/99
2. Lorillard's press release dated 12/17/99
3. NYAC's press release dated 12/17/99
4. Talking points for New York
5. New York Post editorial "A Rotten Deal..."
6. New York Post article - "Republicans Burn..."
7. Newsday article "Mixed Reviews..."
8. Syracuse Post-standard article "Cigarette tax hike..."
9. New York Times article "Aid Plan..."

We need to emphasize that a doubling of the tobacco tax is bad public policy. First, it's a decreasing revenue source that is not sustainable. It is a short-term fix that will only cause further tax increases for New York residents. Second, it is bad public policy because of the regressivity. Third, it will violently disturb the retail marketplace by aggravating a growing contraband problem. Canada was a good example where they raised the tax and then had to reduce it because of the smuggling/contraband issues plus government lost revenues.

We should also emphasize the point made by Assembly Minority Leader John Faso in the Post article that the details of the agreement are not final. How can everyone agree when they don't know what's in the package?

In the margins of the Post editorial and article, I have marked interesting points that we may wish to incorporate where possible.

Thank you and call me with and questions at (336) 335-7720.

86103179