

CONFIDENTIAL:
MINNESOTA TOBACCO LITIGATION

MEMORANDUM:

February 18, 1992

TO: Kurt Malmgren

FROM: Bob McAdam
Daniel J. Wahby

SUBJECT: Initiative and Referenda Update

The industry continues to be threatened by a variety of initiatives and referenda around the country that demand our attention. What follows is a summary of the issues that we are currently involved in or are anticipating to develop:

Massachusetts Tax Initiative:

As we approach the legislative consideration of the initiative petition in this state, there are a number of things that we must accomplish to both ensure the defeat of the bill in the legislature and position ourselves for the following campaign.

Status: We have filed our challenge of the constitutionality of the initiative before the State Supreme Judicial Court. We are scheduled for a hearing during the first week of May and expect to receive some indication of the outcome of the case during June or July. In addition to the court case, our political committee is conducting a benchmark poll to determine the appropriate arguments to use both in our media relations efforts and during legislative consideration of the bill.

We have received some assurances that the bill before the legislature will be referred only to the Taxation Committee, not to the Health Committee. This will help set the correct atmosphere for its consideration and also allow us a greater degree of control over how a report on the issue is written by the committee. No Committee hearings have yet been set.

Now that we have completed the essential preparatory stages of this process, it is necessary that we begin in earnest our organizational efforts designed to achieve the correct result from the legislative process and develop the diverse coalition of support necessary to support our legislative efforts as well as prepare a broad group of organizations and individuals who can be counted upon to oppose taxes of this kind.

Total Funding Needs Through May 15, 1992 - \$678,500

TIMN 0031130

February 18, 1992
Page Two

CONFIDENTIAL:
MINNESOTA TOBACCO LITIGATION

Oregon Tax:

Proponents have not yet filed an initiative dealing with a tobacco tax increase. While we continue to hear conflicting information regarding the determination of the Oregon Medical Association in this regard, we must be continually prepared to fight this issue.

Status: While no initiative has been filed, and there is no absolute deadline for filing, we believe that they must file their initiative by early March in order to meet the July signature submission deadline. We are prepared to launch the appropriate legal challenges to anything that the proponents may file which should adequately delay their signature gathering process.

Strategy: While we prepare for the legal battle, we are also assembling the research necessary to work with editorial boards and reporters as this issue develops. We are not prepared to conduct any survey research until the provisions of any possible initiative become clear.

Total Funding Needs Through March 15, 1992 - \$45,000

Arizona Tax:

Status: Proponents of a 20-cent tobacco tax increase have indicated that they will pursue their plan through the referendum process this year. A coalition of various health interests has been assembled, although it is unclear the extent to which they have been sanctioned by national organizations. It is not yet apparent that they will have the financial resources to pursue an initiative should their referendum plans fail.

The deadline for submitting legislative bills has now passed in this state, and there appears to be at least one bill filed that this group could use as its vehicle. The exact distribution of the new, dedicated tax is not yet clear, although it is entirely dedicated to functions within the state health department in its present form.

Beyond the legislative arena, we must be prepared to create as many roadblocks in front of them as possible. To that end, we need to retain a media relations specialist to ensure that there is not a media wave in favor of the concept and a legal team to prepare for whatever legal challenges are possible under Arizona law.

Total Funding Needs Through March 30, 1992 - \$50,000

TIMN 0031131

February 18, 1992
Page Three

CONFIDENTIAL:
MINNESOTA TOBACCO LITIGATION

California Smoking Bans:

The campaigns in the five jurisdictions are underway. We are in the process of conducting survey research in Sacramento County to determine the nature of our arguments that we will use during the direct mail and electronic media aspects of the campaign.

The City Council of Colfax, Placer County on 2/11/92 voted 3-2 to place a smoking ban ordinance on the 6/92 Ballot.

Additional Funding Needs for Placer County - \$40,000

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