

Excise Taxes

Primary Responsibility: TBD
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Overview

With the enactment of the Omnibus Reconciliation Budget Act of 1990, our focus on the tax issue now shifts from federal tax matters to greater involvement in an increasing number of state tax battles. With several states facing budget deficits, we anticipate that some legislators will target consumer excises as a partial solution to fiscal woes.

Our allies are gearing up for action this year. Activating local and regional resources, and building on successful programs and efforts in many states, our attention will be focused on state houses.

Highlights

The passage of the Budget Act last year will have a direct impact on Public Affairs Division activities in 1991. We plan to focus our resources on state tax battles, while watching federal proposals that may seek excises as a funding mechanism (as a part of the "pay-as-you-go" provision of the budget law).

Approximately 25 states are reporting significant revenue shortfalls. We anticipate that many states will propose cigarette excise tax increases to help balance their budgets. In addition, proposals to earmark tobacco taxes to fund a variety of programs are possible.

State Activities Division (SAD) and member companies list a total of 23 priority states. In keeping with the 1991 tax plan, we will work with our allies to ensure that they are prepared to concentrate their efforts in these areas. Other resources will be developed and deployed as needed.

The Labor Management Committee (LMC) continues to strengthen fair tax coalitions in approximately 10 states and to disseminate anti-consumer excise tax messages. We are exploring additional opportunities in select states identified by SAD.

We are distributing the tax video and brochures, including a piece on consumer excise taxes, prepared expressly for labor audiences. LMC representatives already have conducted briefings during key meetings and have been met with enthusiastic responses from various groups, including: Coalition of Labor Union Women

National Executive Board, the Mid-Atlantic and Northeast State Federation officials, and North Carolina COPE.

In January, intensive Public Affairs activity focused on North Carolina. A recent spate of anti-tobacco editorials in local newspapers, combined with reports that a cigarette tax bill will be introduced, prompted us to move forward quickly on planning proactive media and coalition efforts.

We attended a strategy session in Raleigh to discuss the roles of TI State Activities and Public Affairs, member companies and allies. As a follow up, we also met with labor counsel to discuss appropriate capabilities in the state.

We developed a comprehensive strategic plan to address the potential cigarette excise tax increase in North Carolina. The approach combines media, public affairs and liberal/labor elements. It was presented to the Communications Committee and will be discussed at a meeting with field staff in Raleigh next month.

A North Carolina-specific economic impact study is included in the plan. We commissioned Price Waterhouse to calculate the contribution of the tobacco industry in the state for 1990. The Price figures will be repackaged as a stand alone economic study. It will be distributed to tobacco family members, allies, the media legislators and the general public. The document will be printed and available mid-February.

The American Agriculture Movement (AAM) continues its efforts to disseminate anti-excise tax messages. As a follow up to the 1990 Rural Strategy Summit, AAM requested support for a 1991 rural summit to be held in Washington, D.C. While we approved funding, AAM asked to postponing the event until later this year. We will work with AAM to identify opportunities for its involvement in other areas.

The Coalition on Human Needs (CHN) requested support to carry its progressive tax policy message to activists and congressional staffers. CHN held a day-long tax policy seminar on Capitol Hill. Participants included Bob McIntyre, Citizens for Tax Justice, Bob Greenstein, Center for Budget Policy and Priorities, Senator Paul Wellstone, Representative Tom Downey, and key staff of the Senate Finance and House Ways & Means committees. CHN will report on the event in a special edition of its newsletter.

Reporters from the Washington Post, Associated Press, Gannett, Knight-Ridder, Congressional Quarterly and BNA Daily Tax attended the event.

We are moving forward with our plan to promote the new tax earmarking book, Charging Beneficiaries for Public Services. An intensive six-month promotion effort is scheduled.

With the anticipated emphasis on state-level proposals to earmark cigarette excise tax revenues for a variety of programs, we have elected to target state capitals in our promotion efforts. Specifically, we will saturate each market, tapping print and broadcast media. We also will arrange breakfast briefings for state legislators while the authors are on tour.

Currently, several phases of preparation are now underway. We are working with SAD and Federal Relations to identify targeted markets. In addition, we are reviewing a list of governance associations at which the authors could conduct tax policy and tax earmarking briefings.

We are preparing an executive summary, and press and briefing materials. The authors are preparing a technical summary to be distributed in advance of the published book.

In the second quarter of this year, we will expand the book promotion to the national media with mailings to syndicated columnists and economic/legislative reporters affiliated with national publications.

At SAD's request, we funded a study that will examine the occurrence of, and revenues lost from, the cross-border sales of cigarettes in select states. A draft will be available first quarter 1991.

We continue to work with SAD and the Information Center on revising the series of state data cards. Mechanicals of the second set are being reviewed; work has begun on the third set to be updated.

Next Month's Goals

Continue to work with staff and consultants to implement the North Carolina tax plan.

Complete production of NC study.

Finalize schedule and materials for tax book promotion.