

April 6, 1990

TO: Mr. J. W. Johnston
FROM: Gene Ainsworth
SUBJECT: GOVERNMENT RELATIONS STATUS REPORT

FEDERAL

• Kennedy Hearing

A second hearing on Kennedy's bill, S. 1883, was held on April 3. Senator Kennedy was the only committee member present initially, and Sen. Paul Simon replaced him for the third and fourth panels. Witnesses opposed to the bill included Rep. Stephen Neal, who presented petitions containing 40,000 signatures opposed to the legislation; John Joyce, executive director, Maine Grocers Association; Peter Strauss, president of NATD; John Rupp of Covington & Burling; law professor Burt Neuborne of NYU (Freedom to Advertise Coalition); Mort Halprin of the ACLU; and First Amendment attorney Floyd Abrams.

Preparations continue for a tobacco export hearing April 18 before Senator Kennedy's Labor & Human Resources Committee. Kennedy's bill, which does not address export issues, is scheduled for markup along with other committee legislation on April 25. S. 1883 currently has 15 co-sponsors.

• "Fire-Safe" Cigarettes

Congressman Walgren's Subcommittee on Commerce, Consumer Protection and Competitiveness plans a hearing May 16 on Congressmen Moakley's and Boucher's fire safety bills, H.R. 293 and H.R. 673.

• Clean Air Bill

On April 3, the Senate passed their version of the Clean Air Bill containing CFC/HCFC regulatory provisions. Pertinent provisions would ban "non-essential" products containing CFC-11 twelve months after enactment and require warning labels by January 1, 1992, on all products manufactured with CFC compounds. On April 5, the House Energy and Commerce Committee approved a House Clean Air Bill which does not include CFC/HCFC provisions. A floor amendment addressing the CFC/HCFC issue is expected during House debate on the bill.

STATE AND LOCAL

- Houston City Council Resolution

On March 28, the Houston City Council approved a watered-down, anti-smoking resolution. Dropped from the resolution, as passed, were any references to DAKOTA, which were included in the original resolution. Attempt to restrict vending sales also defeated.

- Tax Bills

- Idaho: Regular session completed; did not pass 5-cent increase.
- Texas: Special session adjourned without action on 14-cent increase. Another special session begins 4/2.
- Wisconsin: Legislature defeated 10-cent increase, also "fire-safe" bill. However, passed authority for cities to ban street sampling. Sent to governor for signature.
- South Carolina: House rejected budget amendment for 5-cent increase by 83-34 vote.
- New Mexico: Special session adjourned without acting on governor's request for 4-cent increase.
- Kentucky: House passed tax package without governor's requested 7-cent increase on cigarettes.

- Tax Initiatives

- Cuyahoga County, Ohio (Cleveland): Ballot measure scheduled for May 8. Proposal calls for new local excise taxes on cigarettes (4.5 cents per pack), beer, wine, and spirits to pay for new Cleveland sports stadium. A coalition and campaign plan to oppose measure have been developed.
- Colorado: Validity of initiative to place 25-cent/pack tax on November ballot still in doubt. Administration law judge expected to rule within month.
- Chillicothe, Missouri: Local 5-cent tax referendum defeated on April 3 by a 67 to 33 percent vote.

- Tort Reform
 - Pennsylvania: On April 4, the Pennsylvania House approved a product liability reform bill by a 125-66 vote. The bill, strongly backed by RJRT and the tobacco industry, now moves to the Senate where action is expected in late May or June.
- Anti-Discrimination Bills
 - Kentucky: Legislature approved, sent to governor a bill requiring employers to give smokers equal employment opportunities as long as smokers comply with workplace policy.
 - Tennessee: Legislature approved, governor signed a bill to prevent firing of employees because of off-job use of legal, non-alcoholic agricultural products (including tobacco).
 - Maryland: House bill has failed in committee. Senate companion still pending in committee.
- Proposals in Iowa and Mississippi to ban sale of tobacco products to persons under 21 have been defeated.

PUBLIC ISSUES

- Federal Excise Tax Program

The industry management committee reviewed the results of a joint test and selected the optimal package for phase three of the industry FET plan. The package consists of a self-mailer with follow-up phone calls. The mailer, which will promote contact with legislators, will begin dropping April 11 to coincide with the congressional budget resolution deadline on April 15.

Smokers' rights groups are going into high gear in the petition-gathering effort and attempts to schedule personal visits with Members. Meetings have now been scheduled with ten Members; 23 additional meetings are tentatively scheduled. Ten meetings have already taken place, including ones that took place last week with Congressmen Martin Frost (D-TX) and Ed Jenkins (D-GA).

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PAC

- With the 1990 RJR PAC membership solicitation nearing completion, receipts from RJRT's Winston-Salem employees (payroll #1) have increased from \$11,000 in December 1989 to approximately \$24,000 in March. The 118% increase reflects strong employee responses from virtually every department in RJRT. RJR PAC receipts from all sources (payroll withholding, personal checks, and interest) are now close to \$41,000 per month on average.

OTHER

- A recent issue of Pertschuk's Advocacy Institute newsletter urged recipients to oppose "preemption" provisions of state indoor air acts by "exposing" such provisions as a strategy of the tobacco lobby to avoid local confrontation, where the Advocacy Institute says the industry is weak.

Gene

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