

23-Mar-84

MEMORANDUM

TO: Michael J. Kerrigan  
FROM: Michael F. Brozen *MB*  
RE: Minnesota SF 1655 Relating to Earmarking Cigarette Tax Revenues *F*

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Michael, on March 22, 1984 at 8:00 a.m. the Minnesota State Senate Committee on Veteran's and General Legislation convened a hearing to discuss SF 1655. SF 1655 would, if passed, amend the Minnesota statutes section 297.13 (1) to allow for the segregation, or earmarking, of cigarette tax revenues from the general fund to a fund known as "the fire safety account".

We met with the Committee Chairman, Senator Bob Lessard (DFL, International Falls) to discuss the ramifications of this legislation as well as our concern with the policy precedents that it would set. We also met with the bill's author, Senator Joe Bertram (DFL, Paynesville) to discuss his reasoning in authoring this particular piece of legislation.

On the surface, it would seem simple to merely oppose this legislation, which we do, but upon closer scrutiny, we find some subtle consequences embodied in this bill. I will outline those concerns at this time.

1. SF 1655 has its roots with the Minnesota State Fire Marshall, several state fire chiefs, and a smattering of volunteer fire fighters from the home district of Senator Joe Bertram.
2. Two years ago, funding for tactical fire fighting instruction was cut by the state legislature resulting in a perceived educational gap for Minnesota's fire fighters.
3. Strident opposition to legislation such as this could be construed by sectors of the fire service as being "anti-fire fighter", which could compromise the Tobacco Institute's efforts in cultivating those very relationships.
4. Legislation such as SF 1655 could be considered a prelude for efforts to introduce "self-extinguishing" legislation in the state of Minnesota.

*whether to  
oppose openly  
+ in what  
manner  
Support?*

Faced with those considerations, our strategy and planning included the following:

1. To appear before the committee to express our opposition to the funding methodology of SF 1655 WITHOUT opposing fire education programs.
2. To urge that the committee consider using general purpose revenues rather than segregated funds for such a program.
3. To explain to the Legislature that earmarking revenues statutorily removes one more segment of control presently enjoyed by the Legislature over state budgeting and expenditures.
4. That rather than recommend passage of this bill for floor action, the Senate Committee on Veteran's and General Legislation should "re-refer" SF 1655 to the Senate Finance Committee for further deliberation concerning its fiscal impact.

The Committee, on a voice vote, referred the bill to the Senate Finance Committee where we will again address our opposition to the funding methodology.

#### PLANNING FOR SENATE FINANCE COMMITTEE ACTIVITY:

David Krogseng and I met with the Chief Counsel, Gene Nelson and the staff of the Senate Finance Committee to discuss our concerns with SF 1655. Mr. Nelson informed us of Senate Finance Committee Chairman Willet's policy of avoiding earmarking of funds from general purpose revenue. Furthermore, Mr. Nelson felt that this bill might not be heard before April 10, 1984. . . with April 9 being the deadline for consideration of new bills by the Senate Finance Committee.

One disturbing note appeared during the deliberations concerning SF 1655. When asked by Senator Florian Chmielewski (DFL, Sturgeon Lake) on how he intended to offset the revenue loss from general purpose revenues, Senator Bertram stated that he would gladly coauthor a cigarette tax increase. Senator Bertram felt that it was an easy price to pay since cigarettes and "smoking materials" accounted for 28% of all fatal fires in Minnesota. When asked by Senator Berg (IR, Chokio) what Senator Bertram considered "smoking materials", Bertram replied, "matches and cigarette lighters".

#### SUMMARY

We will follow SF 1655 on its journey to the Finance Committee where, at that time, we hope to kill it without fanfare. It is important that we not cause any animosities among sectors of the fire service since the fire service is an extremely close-knit and very communicative group. Furthermore, animosities could result in bigger trouble with the

introduction of a self-extinguishing bill. As the old saying goes, "keep your friends close and your enemies closer" I will maintain a friendly line of communication with Senator Bertram. I certainly do not want to see a cigarette tax increase or a self-extinguishing bill appear on Senator Bertram's legislative dance card.

HFB/jmr

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