

MEMORANDUM

9/10/86 Wed 11:58:49

TO: BILL CANNELL
FROM: FRED PANZER
SUBJECT: TARGETTED EXCISE TAX RELEASES

As just one part of TI's campaign to get an 8-cent increase in the cigarette excise tax out of the budget reconciliation bill, we have planned a targetted news release for media in the 35 states with Members on Ways and Means or Senate Finance Committee.

Thanks for your help in making it assigning Ed Battison to put together the data on the economic impact of the proposed tax increase.

Attached are two versions of news release that Scott Stapf has prepared. One is the basic matrix and the other shows how it would be fleshed out for Texas. Sam Chilcote has approved it.

Our media plan calls for all 35 tailored news releases to be distributed to 150 wire service reporters, about 100 business publications, some 3,500 newspaper reporters, writers and editors, with the balance going to the broadcast media. In all some 20,000 news media personnel. They are timed for release on Monday, September 15.

I know you will want to alert your field staff and legislative consultants. It would help the Congressional impact if they would send press clippings to the appropriate Members of Congress with whom they have already been communicating on this issue over the August recess.

Bill, I have two other of these press release opportunities in the states pending. When they are firmed up, I will let you know so that you can also alert the field to merchandise the news coverage in the same way.

Many thanks, again. Any questions, call

Attachment

cc: William Kloepfer
Peter Sparber
Scott Stapf

12.44 B. Buckley
H. Marshall

FOR RELEASE:
MONDAY, September 15, 1986

Contact:
Scott Stapf
800/424-9876 (toll free)
202/457-4860 (office)

TEXAS SMOKERS FACE \$54 MILLION TAX INCREASE

IF CONGRESS PASSES 50 PERCENT HIKE IN FEDERAL EXCISE ON TOBACCO

^{Proposed}
Cigarette Tax Hike Aims at Wallets of 1 out of 3 Texas Voters;
^{would include} Poor and Minorities ~~Saddled~~ With Most of Regressive Tax Burden.

WASHINGTON, D.C., September 15, 1986 -- Texas's 3.6 million smokers would see their federal taxes go up \$54.41 million, if some members of Congress have their way and increase the federal excise tax on cigarettes from 16 to 24 cents a pack.

Cigarette prices in Texas would rise 7.58 percent, if Congress approves the proposed 50 percent increase in the federal tobacco tax. The average price of a pack of cigarettes in Texas now is \$1.05, and would rise to \$1.13. The total tax bite on cigarettes in Texas would jump to 44.5 cents -- or 39.2 percent of the total retail price.

- MORE -

The 3.6 million smokers in Texas paid \$745.94 million in tobacco-related taxes in fiscal year 1986. With the addition of another eight cents at the federal level, that figure would soar to \$800.35 million. Texas and local revenue coffers took in \$451.24 million in fiscal year 1986 tobacco taxes, based on state/local taxes of \$24.5 cents per pack. An estimated 1.79 billion packs of cigarettes are sold in Texas each year.

The proposed doubling of the federal excise on tobacco would strike most cruelly at the pocketbooks of the Texas's poor and minorities. According to an August 1986 study by Policy Economics Group (PEG), a Washington, D.C.-based firm of professional economists, "39 percent of tobacco excise taxes are paid by low to moderate income earners, a substantially higher percentage than for any other tax except beer, which is 38 percent." The burden of cigarette excises is more than five times greater on smokers with incomes below \$10,000 than on smokers with incomes above \$50,000.

The eight cent cigarette tax increase was approved by a narrow Senate Finance Committee vote in August and will be will be debated again by Congress in the next few weeks. A permanent 100 percent increase in the federal cigarette tax -- from eight to 16 cents -- became law less than six months ago. America's 55 million smokers already pay an extra \$10 billion each year to local, state and federal tax coffers.

FOR ADDITIONAL INFORMATION OR COMMENT CONTACT:

Scott Stapf, The Tobacco Institute, 800/424-9876

FOR RELEASE:
MONDAY, September 15, 1986

Contact:
Scott Stapf
800/424-2278 (toll free)
202/457-4860 (office)

(STATE) SMOKERS FACE (DOLLARS) TAX INCREASE

IF CONGRESS PASSES 50 PERCENT HIKE IN FEDERAL EXCISE ON TOBACCO

Cigarette Tax Hike Aims at Wallets of 1 out of 3 (State) Voters;
Poor and Minorities Saddled With Most of Regressive Tax Burden.

WASHINGTON, D.C., September 15, 1986 -- (State)'s (No. of smokers) smokers would see their federal taxes go up (Dollars), if some members of Congress have their way and increase the federal excise tax on cigarettes from 16 to 24 cents a pack.

Cigarette prices in (State) would rise (% price hike), if Congress approves the proposed 50 percent increase in the federal tobacco tax. The average price of a pack of cigarettes in (State) now is (Current price), and would rise to (post-tax average price). The total tax bite on cigarettes in (State) would jump to (Tax in cents) -- or (Tax in percents) of the total retail price.

- MORE -

The (No. of smokers) smokers in (State) paid (Current tax bite) in tobacco-related taxes in fiscal year 1986. With the addition of another eight cents at the federal level, that figure would soar to (Potential tax bite). (State) and local revenue coffers took in (State/local excises) in fiscal year 1986 tobacco taxes, based on state/local taxes of (State/local tax level) per pack. An estimated (No. of packs) packs of cigarettes are sold in (State) each year.

The proposed doubling of the federal excise on tobacco would strike most cruelly at the pocketbooks of the (State)'s poor and minorities. According to an August 1986 study by Policy Economics Group (PEG), a Washington, D.C.-based firm of professional economists, "39 percent of tobacco excise taxes are paid by low to moderate income earners, a substantially higher percentage than for any other tax except beer, which is 38 percent." The burden of cigarette excises is more than five times greater on smokers with incomes below \$10,000 than on smokers with incomes above \$50,000.

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FOR ADDITIONAL INFORMATION OR COMMENT CONTACT:

Scott Stapf, The Tobacco Institute, 800/424-9876

September 9, 1986

TO: William Kloepper
FROM: Scott Stapf
RE: State-targeted excise tax release campaign

Attached you will find two variations of a draft release for the proposed excise tax press release material. I am glad to report that the excellent quality of information from Fred Panzer and Ed Battison made it possible to put together a heavily localized release which should get some good play.

If this campaign is approved, the following should be understood:

- * I will need final, revised versions of the master draft back from all reviewing parties by 5 p.m. Wednesday.
- * The production of the 35 state master releases will be supervised by me. The releases would go out on the new press item stationery.
- * Printing, stuffing and posting would be handled by P.R. Aids, which must have all materials in hand by 3 p.m. Thursday. If this deadline is met, the last piece of mail would leave their shop early Friday, which would get the releases on the desks of targeted news outlets by Monday morning, in most cases.
- * The cost of the project reflects the rush nature of the job. I have identified 20,000 news persons in the 35 states who are good candidates for using the materials. On short notice, there is a 100 percent surcharge for a job of this sort. As a result, the total price tag, including postage, will range from \$19,000 - \$20,000. We could narrow our focus and bring that figure down slightly.
- * The targeted audience includes about 150 wire service reporters, about 100 business oriented publications, and about 3,500 newspaper reporters and editors (city editors, managing editors and op-ed page managers). The balance of the audience is broadcast.

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I will be on the road all day Wednesday and until noon Thursday.
I will check in with you for updates on the status of the
campaign.

cc: Fred Panzer
Peter Sparber
Ed Battison

Pete

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9/3
Thanks, Bill,
This is exactly
what I wanted
Fred — FP

WILLIAM A. CANNELL
9-3 Vice President
State Activities
THE TOBACCO INSTITUTE
202/457-4812 800/424-9876

9/6

Fred —
let me know how
this works out



Ed & Yvonne will be working on
this project, concentrating on
the Senate Fin Cmte & House
Ways & Means Cmte states.

Paula is out until Monday.

This project will take precedence
over the Consumption Tax Seminar
as far as Ed's priorities are
concerned. But between you
and Ed, I'm sure the meeting can
be covered adequately.

Wx —
Bill C.

1875 I Street, N.W. Washington, D.C. 20006