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SAMUEL D. CHILCOTE, JR.
President

RECEIVED

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March 22, 1993

W. W. J.

MEMORANDUM

TO: The Members of the Executive Committee

FROM: Samuel D. Chilcote, Jr. *Sam*

for WC

I would like to report the following new activity with regard to our efforts, and efforts by allies, to discourage inclusion of cigarette excise taxes in the financing component of President Clinton's health care program, still scheduled to be released in early May.

Within Congress

Last week I shared with you the letter that Congressmen L.F. Payne (D-VA), Charlie Rose (D-NC) and 23 other House Democrats had written to the President protesting the possibility that tobacco excises might be used in the package.

Institute staff, and member company Washington representatives, are continuing their efforts to encourage tobacco state Democrats who did not sign to join their colleagues in protests to the Administration. Representatives from the tobacco farm communities are assisting in this effort. On March 11, Rep. John Tanner (D-TN) wrote a letter to Vice President Gore protesting the prospect of higher tobacco excise taxes. A copy is enclosed.

In the States

Working through field staff and other state contacts, we are encouraging state Democratic party chairs, fund raisers and governors from the southeast to register concern with Democratic National Party Chairman David Wilhelm about White House inclusion of tobacco taxes in a health care funding program. Since the DNC is charged with selling the package across the country, and since we already know that the White House is concerned about problems in the southeast, these calls may present an opportunity for Wilhelm to raise objections within the White House.

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Field staff also is coordinating with many of your representatives in the states efforts to identify key state lawmakers in as many states as possible -- with primary focus on the southeast -- who are willing and able to draft op-eds and conduct media interviews on the impact of a big federal excise tax increase on state revenues and jobs.

Finally, during the Easter Congressional recess that begins in two weeks, we are asking state lobbyists who have close relationships with Members of Congress to meet with them in their home districts to raise objections to federal cigarette excise tax increases. These efforts are being coordinated with member companies' state lobbyists, and with representatives from coalition groups in the labor and progressive tax communities, who also will be visiting selected Members.

Within the Farm Communities

In my March 10 memo, I reported to you on a variety of activity within the tobacco grower community, chiefly personal visits from virtually every state tobacco group to their Congressional delegation. Follow-up efforts continue, with new activity including:

- . Last week the Tobacco Growers Information Committee completed an "action alert" mailing to its 48,000-person list, urging telephone calls and letters to the White House and to Congressional representatives objecting to federal cigarette excise tax increases.
- . Farm community representatives have written to Rep. L. F. Payne (D-VA) thanking him for initiating the letter to President Clinton and urging him to continue to work to add to the number of signatures. Similar letters have gone to every other Member of Congress who signed the letter.
- . Presentations to three additional southeastern agricultural groups have been confirmed for May and June: the Burley Auction Warehouse Association in May and the Southern Association of State Departments of Agriculture and the Bright Belt Warehouse Association in June. Briefings will focus on the federal tax situation as well as the EPA risk assessment. Information on the tax situation has already been shared with each of these groups.

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The Coalition Against Regressive Taxation (CART)

CART's March 15 news conference was well attended, despite the aftermath of the Washington blizzard. Institute staff is working with your company representatives to apply the regressivity/jobs information contained in the CART study to targeted Congressional districts, and to follow up with visits to southeastern Members, Ways & Means Committee members, and representatives from rural and minority districts.

We also are drafting a print advertisement summarizing the results of the CART study. This ad, to be sponsored by CART, would appear in Roll Call.

Among Conservative Economists

Economist Bob Tollison has completed an op-ed analyzing the health care reform debate from a Republican perspective; this op-ed will be offered first to the Wall Street Journal, with the Washington Times as a fallback. Op-eds also are being drafted to respond to editorials that have appeared in Birmingham, AL, and Dallas, TX, newspapers.

The Tollison op-ed also will serve as the basis for a series of op-eds to be drafted by economists from universities in or near House Ways & Means Members' districts, and to be submitted to newspapers in those districts.

Similarly, several of these economists who have experience with radio and television interviews will be promoted to broadcast media in major cities as experts available to offer the Republican perspective on the health care reform debate.

Among the Progressive Tax Community

AFL-CIO -- Last week AFL-CIO health care staff met for a second time with White House staff working on the health care reform package; we understand that meetings are occurring regularly, in fact, weekly at this point. We also understand that White House staff indicated last week that serious consideration was once again being given to a Value Added Tax as a funding mechanism for the health care package.

We also understand that preliminary results from the Economic Policy Institute (EPI) study on the distributional impact of the current health care system (which I referenced in my March 10 memo) were shared with White House staff.

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Economic Policy Institute (EPI) -- The AFL is making arrangements to have EPI staff who worked on this study accompany them to another meeting at the White House, likely to occur this week. That will give EPI staff an opportunity to discuss the study in person with former EPI advisor Ira Magaziner, who is staffing the White House work. In addition, as the EPI puts the finishing touches on this study and prepares for its release, we understand that the Robert Wood Johnson Foundation -- which has at the Administration's request sponsored the field hearings on health care reform that have been occurring around the country -- and the Kaiser Foundation have asked to be included as co-sponsors of the research. This adds to the credibility of the study, which will be released at a press conference in April; the EPI has asked for and will receive assistance in promoting the study.

As soon as the study is ready for public review, we also will work with the EPI to ensure that copies are shared with key Democratic leaders and study groups, and with select Ways & Means members and southern Democrats.

National Council of Senior Citizens (NCSC) -- On Friday the NCSC released at a press conference on Capitol Hill a new study on the impact of excise taxes on the elderly. In response to a question about health care reform proposals, NCSC Executive Director Larry Smedley responded that the NCSC opposes all regressive taxes, including excise taxes, as a financing mechanism. And tobacco was referenced on several occasions as among the most regressive of taxes for the elderly population.

Citizen Action -- On Tuesday, March 23, the national Citizen Action organization has scheduled a meeting with Hillary Clinton and others at the White House at which they will turn over to her more than one million postcards from door-to-door canvassing campaigns in more than 30 states calling for a five-point program toward national health care. Among the principles is progressive financing. Citizen Action has asked for help in promoting this event to the media -- ABC's Nightline has given preliminary indications of their interest, since attendees at the White House event will include several Citizen Action representatives and "Faces of Hope" from Arkansas.

The Wisconsin Citizen Action (WCA) affiliate will participate in this event and also has arranged for one of its leaders to participate in a select meeting later that day of 15 health care "victims" who will discuss their own situations with Hillary Clinton. The WCA representative will stress the need for progressive taxation, based on ability to pay, and will note concerns that excise taxes cannot adequately fund a national program. Following the White House meeting, WCA representatives

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will carry the same message to their state Congressional delegation. WCA already is working to garner media coverage in that state of this meeting; the Milwaukee Journal already has indicated that it will cover it.

Bakery Confectionery & Tobacco Workers Union (BC&T) -- BC&T has completed and is mailing to all of its members a fact sheet on health care reform in which it calls upon all of its members to write President and Mrs. Clinton, and their Members of Congress to support fair funding to finance health care reform.

BC&T also is attempting to identify several workers in a number of the manufacturing facilities who could be media trained and made available to participate in editorial board and broadcast media interviews to personalize the jobs argument.

Robert Wood Johnson Field Hearings -- To date, the Robert Wood Johnson Foundation has at the request of the Clinton Administration completed two of four field hearings at which citizens and interest groups testified before Mrs. Clinton and her staff about their health care needs. A variety of progressive tax groups from the states have succeeded in obtaining invitations to testify, and have spoken forcefully in support of progressive taxes and in opposition to regressive taxes. Among them:

- . In Florida two weeks ago, the Florida Council of Senior Citizens testified on the special problems facing the nation's elderly and reiterated the National Council of Senior Citizens' opposition to regressive taxes -- including excises -- to fund health care reform.
- . In Iowa last week, the Iowa Citizen Action Network (ICAN) participated in a panel on rural health care access, quality of care and cost containment issues. ICAN's executive director supported national health insurance, cost containment and progressive financing in his testimony. Representatives from the Iowa State Council of Senior Citizens and the Iowa State AFL-CIO also touched on financing issues -- both supporting progressive financing/opposing regressive excise taxes.

Also at the Iowa hearing, a former Minnesota state legislator and author of that state's health care plan, testified in support of taxes on health care providers, and specifically opposed excise taxes as a financing mechanism. Arrangements are being made now for this legislator to travel to Washington State -- at the invitation of Washington Citizen Action -- to appear before that state's legislature on health care

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financing. Since the Washington State health plan is reported to reflect many of the Clinton Administration's ideas, and since we understand that the Administration is following activity in Washington State closely, we see this as yet another opportunity to raise financing issues in a forum that is important to the White House.

Two more field hearings are scheduled -- in Michigan today and later this week in Washington, D.C. We are continuing our efforts within those states to identify opportunities for other organizations and individuals opposing regressive excise taxes to finance health care to testify.

I will, of course, continue to keep you informed as new activities occur.

Enclosure

SDC:sms

cc: The Members of the Management Committee
TI Senior Staff

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