

1986

STATE LEGISLATIVE FORECAST

State Activities Division

2025854582

1986  
STATE LEGISLATIVE FORECAST

for Action on  
Major Tobacco Issues

December, 1985  
State Activities Division  
The Tobacco Institute

2025854583

1986 STATE LEGISLATIVE FORECAST

for Activity in  
Tobacco Industry Issues

1. Compiled Forecast for Major Tobacco Issues:
  - Cigarette Excise Tax Increase
  - "Fire-Safe" Cigarette
  - Smoking Restrictions
  - Cigarette Sampling Bans
  
2. Cigarette Excise Tax Increase -- Breakdown by:
  - Chances for Introduction
  - Chances for Passage
  - Priority Ranking
  
3. "Fire-Safe" Cigarette -- Breakdown by:
  - Chances for Introduction
  - Chances for Passage
  - Priority Ranking
  
4. Smoking Restrictions -- Breakdown by:
  - Chances for Introduction
  - Chances for Passage
  - Priority Ranking
  
5. Cigarette Sampling Bans -- Breakdown by:
  - Chances for Introduction
  - Chances for Passage
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6. Other Tobacco Issues
  
7. 1986 State Legislative Sessions and  
Anticipated Action Months for High Priority Issues
  
8. Priority 1 Tax States: Analysis of State Situations

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## 1986 State Legislative Forecast

State	Excise Inc. "Fire-Safe"			Restrictions			Sampling		
	I	P	#	I	P	#	I	P	#
Alabama	L	N	3	N	N	3	E	N	3
Alaska	E	N	2	N	N	3	N	N	3
Arizona	L	N	2	N	N	3	L	E	1
Arkansas	No regular session scheduled in 1986								
California	L	N	1	N	N	3	L	E	1
Colorado	L	E	1	N	N	3	L	E	1
Connecticut	N	N	3	E	N	2	L	E	1
Delaware	L	E	2	N	N	3	L	N	3
Florida	L	E	2	N	N	3	L	E	1
Georgia	N	N	3	N	N	3	L	N	2
Hawaii	C	E	1	N	N	3	C	E	1
Idaho	L	E	1	N	N	3	L	N	2
Illinois	N	N	2	N	N	3	L	N	1
Indiana	L	E	1	N	N	3	L	N	1
Iowa	L	E	1	N	N	3	L	L	1
Kansas	L	N	3	E	N	2	L	E	1
Kentucky	E	N	2	N	N	3	N	N	3
Louisiana	N	N	3	N	N	3	L	N	2
Maine	N	N	3	N	N	3	L	L	1
Maryland	E	N	2	N	N	3	L	N	1
Massachusetts	E	E	2	L	E	1	L	E	1
Michigan	C	N	1	N	N	3	C	E	1
Minnesota	L	E	1	L	E	1	L	E	1
Mississippi	E	N	3	N	N	3	E	N	3
Missouri	L	L	1	N	N	3	L	N	2
Montana	No regular session scheduled in 1986								
Nebraska	L	E	1	N	N	3	L	L	1
Nevada	No regular session scheduled in 1986								
New Hampshire	N	N	3	N	N	3	L	E	1
New Jersey	L	E	1	L	N	2	L	N	1
New Mexico	L	E	1	N	N	3	N	N	3
New York	L	E	1	L	E	1	L	E	1
No. Carolina	N	N	2	N	N	3	N	N	3
No. Dakota	No regular session scheduled in 1986								
Ohio	C	E	1	N	N	3	C	E	1
Oklahoma	L	E	1	N	N	3	L	N	2
Oregon	No regular session scheduled in 1986								
Pennsylvania	C	E	1	C	N	3	C	E	1
Rhode Island	N	N	3	N	N	3	L	E	1
So. Carolina	L	N	2	N	N	3	C	N	2
So. Dakota	E	E	2	N	N	2	L	L	1
Tennessee	E	N	3	N	N	3	C	N	3
Texas	No regular session scheduled in 1986								
Utah	L	E	1	N	N	3	L	L	1
Vermont	C	E	3	N	N	3	C	L	1
Virginia	E	N	3	N	N	3	N	N	3
Washington	L	E	1	N	N	3	L	E	1
West Virginia	E	E	1	N	N	3	L	E	1
Wisconsin	L	E	1	E	E	2	L	L	1
Wyoming	L	E	1	N	N	3	L	N	3
D.C.	N	N	3	N	N	3	L	E	1

I - Chances of Introduction

P - Chances of Passage

L - Likely C - Carryover from '85

E - Even N - Not Likely

# - Priority Ranking

1 - Top

2 - Secondary

3 - Low

December, 1985

1986 STATE LEGISLATIVE FORECAST  
Analysis by Category

CIGARETTE EXCISE TAX INCREASE

<u>Chances for:</u>	<u>Introduction</u>	<u>Passage</u>	<u>Priority Ranking</u>
Likely/C'over	27 states	1 state	#1 - 21 states
Even	9	23	#2 - 11
Not Likely	8 + D.C.	20 + D.C.	#3 - 12 + D.C.

"FIRE-SAFE" CIGARETTE

<u>Chances for:</u>	<u>Introduction</u>	<u>Passage</u>	<u>Priority Ranking</u>
Likely/C'over	5 states	0 states	#1 - 3 states
Even	3	4	#2 - 5
Not Likely	36 + D.C.	40 + D.C.	#3 - 36 + D.C.

SMOKING RESTRICTIONS

<u>Chances for:</u>	<u>Introduction</u>	<u>Passage</u>	<u>Priority Ranking</u>
Likely/C'over	37 + D.C.	7 states	#1 - 28 + D.C.
Even	2	17 + D.C.	#2 - 6
Not Likely	5	20	#3 - 10

CIGARETTE SAMPLING BANS

<u>Chances for:</u>	<u>Introduction</u>	<u>Passage</u>	<u>Priority Ranking</u>
Likely/C'over	12 states	2 states	#1 - 9 states
Even	4	8	#2 - 3
Not Likely	28 + D.C.	34 + D.C.	#3 - 32 + D.C.

No regular sessions scheduled in 6 states.

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## CIGARETTE EXCISE TAX INCREASE

Chances for Introduction

Likely/ Carryover	27 states
Even	9 states
Not Likely	8 states + D.C.
No Session	6 states

Likely/Carryover

Alabama  
Arizona  
California  
Colorado  
Delaware  
Florida  
Hawaii (C)  
Idaho  
Indiana  
Iowa  
Kansas  
Michigan (C)  
Minnesota  
Missouri  
Nebraska  
New Jersey  
New Mexico  
New York  
Ohio (C)  
Oklahoma  
Pennsylvania (C)  
South Carolina  
Utah  
Vermont (C)  
Washington  
Wisconsin  
Wyoming

Even

Alaska  
Kentucky  
Maryland  
Massachusetts  
Mississippi  
South Dakota  
Tennessee  
Virginia  
West Virginia

Not Likely

Connecticut  
Georgia  
Illinois  
Louisiana  
Maine  
New Hampshire  
North Carolina  
Rhode Island  
D.C.

No Regular Session in 1986

Arkansas  
Montana - Special Session announced; tax bill Likely  
Nevada  
North Dakota - If Special Session called, tax bill Likely  
Oregon  
Texas

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CIGARETTE EXCISE TAX INCREASE, cont'd.

Priority Ranking

Priority 1	21 states
Priority 2	11 states
Priority 3	12 states + D.C.
No Session	6 states

Priority 1

California  
Colorado  
Hawaii  
Idaho  
Indiana  
Iowa  
Michigan  
Minnesota  
Missouri  
Nebraska  
New Jersey  
New Mexico  
New York  
Ohio  
Oklahoma  
Pennsylvania  
Utah  
Washington  
West Virginia  
Wisconsin  
Wyoming

Priority 2

Alaska  
Arizona  
Delaware  
Florida  
Illinois  
Kentucky  
Maryland  
Massachusetts  
North Carolina  
South Carolina  
South Dakota

Priority 3

Alabama  
Connecticut  
Georgia  
Kansas  
Louisiana  
Maine  
Mississippi  
New Hampshire  
Rhode Island  
Tennessee  
Vermont  
Virginia  
D.C.

No Regular Session in 1986

Arkansas  
Montana - Special Session announced; tax bill Priority 1  
Nevada  
North Dakota - If Special Session called, tax bill Priority 1  
Oregon  
Texas

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CIGARETTE EXCISE TAX INCREASE, cont'd.

Chances for Passage

Likely	1 state
Even	23 states
Not Likely	20 states + D.C.
No Session	6 states

<u>Likely</u>	<u>Even</u>	<u>Not Likely</u>
Missouri	Colorado	Alabama
	Delaware	Alaska
	Florida	Arizona
	Hawaii	California
	Idaho	Connecticut
	Indiana	Georgia
	Iowa	Illinois
	Massachusetts	Kansas
	Minnesota	Kentucky
	Nebraska	Louisiana
	New Jersey	Maine
	New Mexico	Maryland
	New York	Michigan
	Ohio	Mississippi
	Oklahoma	New Hampshire
	Pennsylvania	North Carolina
	South Dakota	Rhode Island
	Utah	South Carolina
	Vermont	Tennessee
	Washington	Virginia
	West Virginia	D.C.
	Wisconsin	
	Wyoming	

No Regular Session in 1986

Arkansas  
Montana - Special Session announced: tax passage Even  
Nevada  
North Dakota - If Special Session called, tax passage Likely  
Oregon  
Texas

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"FIRE-SAFE" CIGARETTE

Chances for Introduction

Likely/ Carryover	5 states
Even	3 states
Not Likely	36 states + D.C.
No Session	6 states

<u>Likely/Carryover</u>	<u>Even</u>	<u>Not Likely</u>
Massachusetts Minnesota New Jersey New York Pennsylvania (C)	Connecticut Kansas Wisconsin	All other states (D.C.)

Chances for Passage

Likely	0 states
Even	4 states
Not Likely	40 states + D.C.
No Session	6 states

<u>Likely</u>	<u>Even</u>	<u>Not Likely</u>
--	Massachusetts Minnesota New York Wisconsin	All other States D.C.

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"FIRE-SAFE" CIGARETTE, cont'd.

Priority Ranking

Priority 1	3 states
Priority 2	5 states
Priority 3	36 states + D.C.
No Session	6 states

Priority 1

Massachusetts  
Minnesota  
New York

Priority 2

Connecticut  
Kansas  
New Jersey  
South Dakota  
Wisconsin

Priority 3

All other States  
D.C.

No Regular Session in 1986

Arkansas  
Montana  
Nevada  
North Dakota  
Oregon  
Texas

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SMOKING RESTRICTIONS

Chances for Introduction

Likely/ Carryover	37 states + D.C.
Even	2 states
Not Likely	5 states
No Session	6 states

<u>Likely/Carryover</u>	<u>Even</u>	<u>Not Likely</u>
Arizona	Alabama	Alaska
California	Mississippi	Kentucky
Colorado		New Mexico
Connecticut		North Carolina
Delaware		Virginia
Florida		
Georgia		
Hawaii (C)		
Idaho		
Illinois		
Indiana		
Iowa		
Kansas		
Louisiana		
Maine		
Maryland		
Massachusetts		
Michigan (C)		
Minnesota		
Missouri		
Nebraska		
New Hampshire		
New Jersey		
New York		
Ohio (C)		
Oklahoma		
Pennsylvania (C)		
Rhode Island		
South Carolina		
South Dakota		
Tennessee (C)		
Utah		
Vermont (C)		
Washington		
West Virginia		
Wisconsin		
Wyoming		
(D.C)		

No Regular Session in 1986

- Arkansas
- Montana
- Nevada
- North Dakota
- Oregon
- Texas

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SMOKING RESTRICTIONS, cont'd.

Chances for Passage

Likely	7 states
Even	17 states + D.C.
Not Likely	20 states
No Session	6 states

Likely

Iowa  
Maine  
Nebraska  
South Dakota  
Utah  
Vermont  
Wisconsin

Even

Arizona  
California  
Colorado  
Connecticut  
Florida  
Hawaii  
Kansas  
Massachusetts  
Michigan  
Minnesota  
New Hampshire  
New York  
Ohio  
Pennsylvania  
Rhode Island  
Washington  
West Virginia  
D.C.

Not Likely

Alabama  
Alaska  
Delaware  
Georgia  
Idaho  
Illinois  
Indiana  
Kentucky  
Louisiana  
Maryland  
Mississippi  
Missouri  
New Jersey  
New Mexico  
North Carolina  
Oklahoma  
South Carolina  
Tennessee  
Virginia  
Wyoming

No Regular Session in 1986

Arkansas  
Montana  
Nevada  
North Dakota  
Oregon  
Texas

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SMOKING RESTRICTIONS, cont'd.

Priority Ranking

Priority 1	28 states + D.C.
Priority 2	6 states
Priority 3	10 states
No Session	6 states

Priority 1

Arizona  
California  
Colorado  
Connecticut  
Florida  
Hawaii  
Illinois  
Indiana  
Iowa  
Kansas  
Maine  
Maryland  
Massachusetts  
Michigan  
Minnesota  
Nebraska  
New Hampshire  
New Jersey  
New York  
Ohio  
Pennsylvania  
Rhode Island  
South Dakota  
Utah  
Vermont  
Washington  
West Virginia  
Wisconsin  
D.C.

Priority 2

Georgia  
Idaho  
Louisiana  
Missouri  
Oklahoma  
South Carolina

Priority 3

Alabama  
Alaska  
Delaware  
Kentucky  
Mississippi  
New Mexico  
North Carolina  
Tennessee  
Virginia  
Wyoming

No Regular Session in 1986

Arkansas  
Montana  
Nevada  
North Dakota  
Oregon  
Texas

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CIGARETTE SAMPLING BANS

Chances for Introduction

Likely/ Carryover	12 states
Even	4 states
Not Likely	28 states + D.C.
No Session	6 states

Likely/Carryover

California  
Florida  
Iowa  
Kansas  
Massachusetts  
Michigan (C)  
Minnesota  
Nebraska  
New York  
Ohio (C)  
Pennsylvania  
Wisconsin

Even

Connecticut  
Idaho  
Rhode Island  
Utah

Not Likely

All other States  
D.C.

Chances for Passage

Likely	2 states
Even	8 states
Not Likely	34 states + D.C.
No Session	6 states

Likely

Massachusetts  
Minnesota

Even

California  
Connecticut  
Idaho  
Kansas  
Michigan  
Rhode Island  
Utah  
Wisconsin

Not Likely

All other States  
D.C.

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CIGARETTE SAMPLING BANS, cont'd.

Priority Ranking

Priority 1	9 states
Priority 2	3 states
Priority 3	32 states + D.C.
No Session	6 states

Priority 1

California  
Connecticut  
Kansas  
Massachusetts  
Michigan  
Minnesota  
New York  
Rhode Island  
Wisconsin

Priority 2

Iowa  
Ohio  
South Dakota

Priority 3

All other States  
D.C.

No Regular Session in 1986

Arkansas  
Montana  
Nevada  
North Dakota  
Oregon  
Texas

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OTHER TOBACCO ISSUES

The following issues were given Likely or Even chances for introduction in 1986 legislative sessions. The Priority ranking (1, 2 or 3) is noted after the state.

Removal of Sales Tax Exemption (1)

South Dakota - 1

OTP Tax - New or Increased (10)

Arizona - 1	Minnesota - 2
California - 1	Nebraska - 1
Indiana - 3	Ohio - 3
Massachusetts - 1	South Dakota - 2
Michigan - 2	Wisconsin - 2

Local Tax Authority (2)

Missouri - 1  
New Hampshire - 2

Ad Valorem Cigarette Tax (1)

Michigan - 1

Advertising Bans/Restrictions (4)

Massachusetts - 2  
Minnesota - 1  
New Hampshire - 2  
Wisconsin - 1

Product Liability (9)

California - 1	Rhode Island - 1
Illinois (C) - 1	Utah - 2
Indiana - 1	Washington - 1
Massachusetts - 1	Wisconsin (C) - 1
Minnesota - 1	

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OTHER TOBACCO ISSUES, cont'd.

Ingredients Disclosure (1)

New York - 3

Ventilation Standards (3)

California - 3  
Minnesota - 1  
Wisconsin - 1

Insurance Discounts to Nonsmokers (8)

Connecticut - 2	New Jersey - 2
Kentucky - 2	Rhode Island - 2
Massachusetts - 2	Utah - 2
Minnesota - 1	Wisconsin - 1

Hiring Discrimination against Smokers (2)

Minnesota - 1  
Wisconsin - 1

Clove Cigarette Bans/Restrictions (13)

Priority for each to be determined by language of bill)

Arizona	Massachusetts	Rhode Island
Colorado	Michigan	Utah
Connecticut	Minnesota	Washington
Florida	New Hampshire	Wisconsin
	Ohio (C)	

Smokeless Tobacco Labeling (24)

(All Priority 3)

Alabama	Indiana	Oklahoma
Alaska	Maine	Pennsylvania
Arizona	Michigan	Rhode Island
California	Minnesota	South Dakota
Colorado	New Hampshire	Utah
Connecticut	New Jersey	Vermont
Florida	New York	Washington
Illinois	Ohio	Wisconsin

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1986 STATE LEGISLATIVE SESSIONS

STATE	'85 CO	CONVENE	ADJOURN
ALABAMA		January 14	(April 29)
ALASKA	CO	January 13	(May 13)
ARIZONA		January 13	(April 30)
ARKANSAS	No regular	session scheduled in 1986	
CALIFORNIA	CO	January 6	(August 29)
COLORADO		January 8	(May 28)
CONNECTICUT		February 5	(May 7)
DELAWARE	CO	January 14	(June 30)
FLORIDA		April 8	(June 6)
GEORGIA	CO	January 13	(March 7)
HAWAII	CO	January 15	(April 30)
IDAHO		January 6	(March 7)
ILLINOIS	CO	January 8	(June 30)
INDIANA		January 7	(March 15)
IOWA	CO	January 13	(April 23)
KANSAS	CO	January 13	(April 14)
KENTUCKY		January 7	(April 15)
LOUISIANA		April 21	(August 23)
MAINE		January 19	(March 31)
MARYLAND		January 8	(April 7)
MASSACHUSETTS		January 6	(December 31)
MICHIGAN	CO	January 8	(December 31)
MINNESOTA	CO	February 3	(April 30)
MISSISSIPPI		January 7	(April 7)
MISSOURI		January 8	(May 15)
MONTANA	No regular	session scheduled in 1986	
NEBRASKA	CO	January 8	(April 30)
NEVADA	No regular	session scheduled in 1986	
NEW HAMPSHIRE		January 8	(July 8)
NEW JERSEY	*	January 14	(December 31)
NEW MEXICO		January 21	(February 20)
NEW YORK	CO	January 8	(July 31)
NORTH CAROLINA	CO	June 5	(July 15)
NORTH DAKOTA	No regular	session scheduled in 1986	
OHIO	CO	January 7	(December 31)
OKLAHOMA	CO	January 7	(May 31)
OREGON	No regular	session scheduled in 1986	
PENNSYLVANIA	CO	January 7	(May 31)
RHODE ISLAND	CO	January 7	(May 15)
SOUTH CAROLINA	CO	January 14	(June 12)
SOUTH DAKOTA		January 14	(February 28)
TENNESSEE	CO	January 14	(April 30)
TEXAS	No regular	session scheduled in 1986	
UTAH		January 13	(February 26)
VERMONT	CO	January 7	(April 30)
VIRGINIA	*	January 8	(March 8)
WASHINGTON	CO	January 13	(March 14)
WEST VIRGINIA		January 8	(March 10)
WISCONSIN	CO	January 28	(June 6)
WYOMING		February 17	(March 13)
District of Columbia		City Council meets year-round	

Adjournment dates are tentative.

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\* New Jersey and Virginia bills may carry over from 1986 to 1987.

December, 1985

ANTICIPATED ACTION MONTHS  
for Issues Ranked Priority 1 or 2

This chart indicates when state action on high priority tobacco legislation is expected to be most critical. The issue abbreviations (see key on final page) are followed by Priority ranking. (Anticipated clove cigarette legislation is not ranked, but noted for informational purposes.)

January

California	SR-1
Georgia	SR-2
Indiana	Tx-1, SR-1, PL-1
Maryland	SR-1
South Carolina	SR-2
South Dakota	Tx-2, "FS"-2, SR-1, Sp-2, SalesTx-1, OTP-1
Utah	Tx-1, SR-1, PL-2, Ins-2, Clv
Wisconsin	Hire-1

February

Alaska	Tx-2
California	SR-1, OTP-1
Connecticut	SR-1, Sp-1
Georgia	SR-2
Hawaii	SR-1
Idaho	SR-2
Kansas	"FS"-2, SR-1, Sp-1
Kentucky	Tx-2, Ins-2
Maryland	SR-1
Michigan	SR-1, Sp-1, OTP-2
Massachusetts	PL-1, OTP-1
Nebraska	Tx-1, OTP-1
New Hampshire	SR-1, LocTx-2
New Mexico	Tx-1
New York	Tx-1
North Dakota (spec)	Tx-1
Ohio	SR-1, Clv
Oklahoma	SR-2
Pennsylvania	Tx-1
Rhode Island	PL-1
South Carolina	SR-2
South Dakota	Tx-2, "FS"-2, SR-1, Sp-2, SalesTx-1, OTP-1
Utah	Tx-1, SR-1, PL-2, Ins-2, Clv
Vermont	SR-1
Washington	SR-1, PL-1, Clv
West Virginia	Tx-1, SR-1
Wisconsin	PL-1, Ins-1, OTP-2
Wyoming	Tx-1

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ANTICIPATED ACTION MONTHS, cont'd.

March

Alaska	Tx-2
Arizona	Tx-2, SR-1, OTP-1, Clv
California	Tx-1, SR-1, OTP-1
Connecticut	SR-1, Sp-1, Ins-2, Clv
Delaware	Tx-2
Hawaii	Tx-1, SR-1
Idaho	Tx-1, SR-2
Kansas	"FS"-2
Maryland	Tx-2
Massachusetts	SR-1, Sp-1, PL-1, Ad-2, Ins-2, OTP-1, Clv
Minnesota	Tx-1, "FS"-1, SR-1, Sp-1, PL-1, Ad-1, Ins-1, Vent-1, Hire-1, OTP-2, Clv
Missouri	Tx-1, LocTx-1
Montana (spec)	Tx-1
Nebraska	Tx-1, OTP-1
New Hampshire	SR-1, Ad-2, LocTx-2
New Jersey	SR-1
New York	Tx-1, SR-1
Ohio	Tx-1, Sp-2
Oklahoma	SR-2
Pennsylvania	Tx-1
Rhode Island	Sp-1, PL-1, Ins-2, Clv
Vermont	SR-1
Washington	Tx-1, SR-1, PL-1, Clv
Wisconsin	Tx-1, "FS"-2, SR-1, Sp-1, PL-1, Ad-1, Ins-1, Vent-1, Clv

April

Arizona	Tx-2, SR-1, OTP-1, Clv
California	Tx-1, SR-1, Sp-1, PL-1, OTP-1
Colorado	Tx-1, SR-1
Connecticut	SR-1, "FS"-2, SP-1, Ins-2, Clv
Hawaii	Tx-1
Illinois	Tx-2, SR-1, PL-1
Iowa	Tx-1, SR-1, Sp-2
Maine	SR-1
Massachusetts	"FS"-1, SR-1, Sp-1, PL-1, Ad-2, Ins-2, OTP-1, Clv
Michigan	Tx-1
Minnesota	Tx-1, "FS"-1, SR-1, Sp-1, PL-1, Ad-1, Ins-1, Vent-1, Hire-1, OTP-2, Clv
Missouri	Tx-1, SR-2, LocTx-1
Montana (spec)	Tx-1
Nebraska	SR-1
New Hampshire	SR-1, Ad-2
New Jersey	Tx-1, Ins-2
New York	"FS"-1, SR-1
Oklahoma	Tx-1
Rhode Island	SR-1, Sp-1, PL-1, Ins-2, Clv
Wisconsin	Tx-1

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ANTICIPATED ACTION MONTHS, cont'd,

May

Arizona	Tx-2, SR-1, OTP-1, Clv
California	Tx-1, SR-1, Sp-1, PL-1, OTP-1
Colorado	Tx-1, SR-1
Connecticut	"FS"-2, Ins-2, Clv
Florida	Tx-2, SR-1, Clv
Kentucky	SR-2
Maine	SR-1
Massachusetts	Tx-2, SR-1, Sp-1, PL-1, Ad-2, Ins-2, Clv
New Hampshire	SR-1
New Jersey	Tx-1
New York	Sp-1
Oklahoma	Tx-1
Pennsylvania	SR-1
Rhode Island	SR-1, PL-1, Clv
South Carolina	Tx-2
D.C.	SR-1

June

Arizona	Tx-2, SR-1, OTP-1, Clv
California	Tx-1, SR-1, Sp-1, PL-1, OTP-1
Massachusetts	Tx-2, SR-1, Sp-1, PL-1, Ad-2, Ins-2, Clv
New Jersey	"FS"-2
North Carolina	MftrTx-2
Pennsylvania	SR-1
South Carolina	Tx-2

July

California	SR-1, Sp-1, PL-1, OTP-1
New Jersey	"FS"-2

August

California	SR-1, Sp-1, PL-1
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September, October, November

Massachusetts	Tx-2, SR-1, Sp-1, PL-1
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December

Massachusetts	SR-1, Sp-1, PL-1
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ANTICIPATED ACTION MONTHS, cont'd.

Key to Issue Abbreviations

Ad	Cigarette Advertising Ban or Restriction
Clv	Clove Cigarette Ban or Restriction
"FS"	"Fire-Safe" Cigarette Requirement
Hire	Hiring Discrimination Based on Smoking/Nonsmoking
Ins	Insurance Rates Based on Smoking/Nonsmoking
LocTx	Local Cigarette Taxing Authority
MftrTx	Cigarette Manufacturers Tax
OTP	Tax Increase on Other Tobacco Products
PL	Cigarette Manufacturers Product Liability
SalesTx	Removal of Sales Tax Exemption for Cigarettes
Sp	Cigarette Sampling Ban
SR	Smoking Restrictions
Tx	Cigarette Excise Tax Increase
Vent	Ventilation Standards Based on Smoking/Nonsmoking

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## PRIORITY 1 TAX STATES

### The State Situation

This assessment of the states ranked Priority 1 for cigarette tax increase legislation summarizes the economic, social, geographic and historical factors which will make 1986 tax battles in these states particularly difficult.

In general, these states are looking for new revenues either to fund specific programs, such as education and health care, or to fill general budget shortfalls. Many states face uncertain financial futures due to unresolved questions about Federal turnback of programs and cutback on revenue-sharing; increased state governmental expenditures for compliance with Fair Labor Standards and liability judgments and insurance; increasing costs of providing medical care to the indigent; the deteriorating rural economy; and the continuing Federal deficit.

Please note that -- despite adverse conditions -- only one of the 21 top priority states (Missouri) is actually given a "likely" chance for passage of a tax increase. All others are rated as even, or 50-50 chances at best.

Montana, where a special session to raise revenue has been announced for 1986, and North Dakota, where a revenue session is possible, are also reviewed in this report.

### California

California is enjoying a significant revenue surplus, but recent revenue projections were revised downward by \$122 million, while state spending estimates were raised by \$163 million. Governor Deukmejian continues his anti-tax increase stance; however, he has not publicly rejected the final report of the Tax Reform Advisory Commission, which recommends tripling the state's 10-cent cigarette tax to reflect inflation since it was last increased in 1967 and tying the rate to inflation in the future.

Legislation to increase the cigarette excise tax to fund anti-smoking education programs was defeated during 1985, but will be proposed again in 1986. Legislators' pet projects, as well as the emotional and expensive toxic waste disposal problem and funding for indigent care (currently a county responsibility), could spell trouble for the tobacco industry.

### Colorado

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While Colorado's budget condition is not currently considered desperate, repeal of the state's worldwide unitary taxation law and implementation of other tax cut measures will mean revenue reductions of at least \$20 million. At the same time, support for education has become a major budget issue, and the state is facing higher costs and lower policy limits for liability insurance.

A cigarette tax hike aimed at funding medical care for the indigent was rejected in 1985, but will be considered again in 1986. The well-organized and energetic GASP organization is expected to intensify its efforts in the state capitol for smoking restriction legislation, and may broaden its scope to include a punitive cigarette tax. Colorado's 15-cent tax is lower than its eastern neighbors' rates, especially as no sales tax is applied to cigarettes in the state. All sales tax exemptions have been under interim review, and it is also possible that removal of the cigarette exemption will be proposed.

### Hawaii

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The state's number one budget question in this election year is the highly political issue of salary increases for public employees. Providing medical care to the indigent is also expected to be on the legislative agenda for 1986. Hawaii's ad valorem rate of 40 percent of average wholesale price has not been changed since 1965, although the equivalent cents-per-pack has increased to among the nation's highest. In this isolated, tourism-dominated state, however, high "sin taxes" are perceived as a painless way to generate revenues, and several cigarette tax bills, including one to earmark new revenue to medicaid, carry over from 1985.

### Idaho

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Idaho's tax has remained at 9.1 cents per pack since 1972, while rates in most of its border states have moved higher. Support for public education is expected to be a major budget issue in 1986, and with a fiscal year-end balance of less than 3 percent, the state will be looking for new revenue sources to fund education improvements. Indigent medical care is a county responsibility in Idaho, and anticipated cuts in Federal revenue-sharing could prompt legislators to take a new approach to its funding.

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### Indiana

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Major funding issues for Indiana include the transportation system, education improvements and indigent medical care. A bill to transfer responsibility for indigent care from counties to the state failed in the 1985 legislature, but will be back in 1986. Additional personal income tax exemptions passed in 1985 are expected to cost state coffers some \$40 million, while corporate income tax collections are also running far behind projections. Defeat of referenda in Indianapolis and Ft. Wayne for property tax increases to fund public schools may prompt local officials to seek more state funding or local cigarette tax authority. Most of the impetus for an increase in the 10.5-cent cigarette tax (which would be the first since 1977) can be expected to come this election year from the law enforcement community, as a portion of the excise provides a large share of the funding for police pensions.

### Iowa

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Iowa's budget situation continues to be perilous. Depression in the state's farm economy and agricultural implement industry forced the state to borrow from its "rainy day fund" to balance its budget last fiscal year and have contributed to a projected budget shortfall of \$100 to \$170 million this year. The major tax package passed during the 1985 session, which included an outright 8-cent cigarette tax increase (to 26 cents), repealed the sales tax on industrial and farm machinery and also moved up repeal of the personal property tax from 1989 to 1987. While state government spending cuts are in the works, another major tax package will surely be considered necessary, and in an election year, "sin taxes" may offer the path of least resistance.

### Michigan

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Despite a sluggish recovery from the recent recession, Michigan cut taxes for the current fiscal year by over \$100 million. A high unemployment rate, due primarily to slow growth in the dominating automobile industry, will cause further tightening of the state budget belt. Higher education funding was under review during the summer recess, and proposals to earmark a portion of the current 21-cent tax to colleges and universities carry over to 1986. Governor Blanchard opposes increases in excise taxes, specifically cigarette taxes, as regressive, but he will be a lame duck executive for the 1986 session.

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### Minnesota

Minnesota's 5-cent cigarette tax hike in 1985 for sewer system improvements (to 23 cents) fell far short of the thumping 35-cent tax hike urged by the Technical Advisory Committee on Nonsmoking and Health, and anti-smoking activists can be expected to renew their efforts for a punitive tax. Democratic Governor Perpich is favored to win reelection; he is no friend to the tobacco industry.

The state's fiscal situation is precarious: farming, lumber and iron industries are depressed, bank failures have become a major concern, and income taxes were cut \$881 million over the next two years by the 1985 legislature. The projected budget shortfall points toward yet another attempt to increase the cigarette tax. Along with the 5-cent tax hike this year, a contingency tax provision was passed to pick up any decrease in the Federal excise tax. If prospects for such a pickup dim, impetus for another straight tax hike will grow.

### Missouri

Despite recent upsurges in industrial activity, Missouri's economy is in an uncertain condition because of depression in the agricultural sector. The state's tax limitation amendment will require refunding of an estimated \$83.1 million in income tax revenues this year, while funding for education is expected to be a major fiscal issue in 1986. The state's population is the nation's fourth oldest, which presents the double-whammy of a declining tax base and increasing strain on the health care system. Missouri's 13-cent tax rate is lower than all but two of its eight neighbors' rates, and the sunset pickup provision passed this year was negated by extension of the FET past October 1. Anticipated cuts in Federal revenue-sharing may spell increased city cigarette taxes; St. Louis County has already announced it will ask for legislative authority to raise its rate by 5 cents.

### Montana (Special Session)

As the state is heavily dependent on agriculture and natural resource development, Montana's economy is highly susceptible to fluctuation. Growth in the state's per capita personal income from 1982 to 1984 was fourth lowest in the nation, indicating a sluggish economy. The 1985 legislature passed a sunset contingency tax measure, but as this was negated by extension of the FET past October 1, an outright tax hike is expected to be a major priority in a special session this spring.

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### Nebraska

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A late-1985 special session hit the industry with a 5-cent tax hike (to 23 cents), although the increase is not effective until March 1, 1986. Nebraska's worsening economic condition may prompt the legislature to take an even larger bite from the industry in the next session. The decision by Governor Kerry not to stand for reelection has produced a volatile political environment not conducive to tackling broad-based, long-term economic solutions. Nebraska's unicameral structure and loose procedural rules (e.g., allowing reconsideration of any rejected measure on only a majority vote) make passage of a cigarette tax hike a danger throughout the session.

### New Jersey

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The state's 19-cent cigarette excise tax has not changed since 1972, although addition of a surtax tied to the retail sales tax rate has increased the total tax burden to 26 cents per pack. With the security of a healthy budget surplus, New Jersey cut taxes last year by more than \$100 million, and even though 1986 is not an election year in the state, the general tax-cutting spirit is expected to continue. On the other hand, education funding is expected to be a major issue in the 1986 session and calls are mounting for state aid to beef up inner-city police and fire departments. Excises, such as the cigarette tax, will be among first choices for revenue.

### New Mexico

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Reduced mineral and petroleum revenues have contributed to a projected \$40 to \$60 million shortfall for the current fiscal year in New Mexico. The shortfall, growing public demand for major improvements in public schools and higher education, negation of the state's sunset contingency provision, and the relatively low 12-cent tax rate -- which has not been increased since 1968 -- all combine to present a difficult legislative scenario for the industry.

### New York

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New York state has in recent years enjoyed a healthy budget surplus which has enabled the legislature to reduce the personal income tax by \$1.7 billion per year for three years. The Republican Senate majority is now pressing for further cuts. In this election year, "sin taxes" and the telephone tax will be prime targets for increases. In the other house is long-time anti-tobacco leader, Assemblyman Grannis. Anti-smoking forces last year combined to retain a state lobbyist to promote anti-tobacco measures. Governor Cuomo's wife is an ardent anti-smoker, and while the Governor has not yet publicly urged a cigarette tax hike, he is unlikely to oppose such a measure when running for reelection.

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North Dakota (Special Session)

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While North Dakota's fiscal condition is not critical, it has been hard hit by the depressed farm economy and coal industry, and state revenues are expected to decline in real terms in the current year. Health care funding is under study and could be a major issue if a special session is called.

Ohio

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Ohio has been hard-hit by savings and loan association closings and the general industrial and agricultural recessions. Income taxes were cut in 1985 by 10 percent, and an additional 5 percent cut is due in 1987. Carryover bills include cigarette tax increases to fund cancer research and county government aid, and there has been talk about authorizing local cigarette taxes to build domed stadiums in Columbus and Cleveland. Ohio's 14-cent tax is lower than three of its five neighbors' rates, and has not been increased since 1971.

A coalition of health organizations and GASP announced in September that it would collect signatures to require the legislature to consider a 5-cent increase to fund health research or to place the question on the ballot. There has been no indication that the petition drive has made any headway toward its goal.

Oklahoma

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A stagnant oil industry and failing farm economy with consequent reduced income and sales tax collections have contributed to Oklahoma's projected \$170 million shortfall. Filling the gap will be the 1986 legislature's major goal, and without the contingency tax pickup passed in 1985, a cigarette tax hike will be high on the list of options. Oklahoma's 18-cent tax is low compared to three of its neighbors' rates and has not been increased since 1979 (although the sales tax was applied to cigarettes in 1984). Sales tax hikes passed in recent years will make broad-based tax increases even less attractive to legislators campaigning for reelection and a "sin tax" more so, especially in a state which only last year voted in "liquor-by-the-drink."

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### Pennsylvania

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Pennsylvania's cigarette tax was last increased (to 18 cents) in 1970, although the state's 6 percent retail sales tax was applied to cigarettes, and a portion earmarked to cancer research, in 1983. The state's anti-smoking activists have generally focused their energies at the local level rather than in the capitol, but these groups are numerous, vocal and highly concerned about stopping youth smoking, and may be supportive of a tax increase which they perceive would help achieve that end. Education funding is expected to be a major fiscal issue next year, while property tax relief passed in 1985 cut taxes by over \$100 million.

Carrying over from the 1985 session will be S948, a bill to hike the tax by 5 cents and use new revenues for mass transit construction. The bill was reported by Finance Committee on a 6-1 vote, but recommitted from the Senate floor for further work on the earmarking provisions, and is now in Appropriations Committee.

### Utah

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While the state currently boasts a small revenue surplus, the state's mineral industry has not fully recovered from the national recession. A growing school-age population and demands for educational improvements may spur a drive for increased tax revenues, while interest in reducing youth smoking may draw anti-tobacco support for a punitive cigarette tax hike. Utah's 12-cent tax rate is well below the national average and lower than rates in three of its five neighbor states. The contingency tax increase passed in 1985 would still kick in should the FET be lowered at any time, but if that prospect fades, the push for an outright increase, perhaps earmarked to various pet projects, is likely to grow.

### Washington

An 8-cent tax hike earmarked to indigent medical care was passed by one house during 1985, but was ultimately defeated; it is expected to be reintroduced in 1986. Earmarking to cancer research has also been seriously considered and is likely to return next year. Negotiations over comparable worth policy for state employees could result in increased salary expenditures, while economic growth has been hindered by slow aviation and lumber industries.

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### West Virginia

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West Virginia has the nation's highest unemployment rate and this spring went off the federal extended benefits program, leaving welfare solely up to the state. To encourage industrial growth the legislature repealed the state business and occupations tax this year. The late fall floods which wiped out whole towns are expected to have an equally disastrous effect on the state's economy when lost jobs, lowered sales and income taxes, and rebuilding costs are totaled. Government liability costs, indigent health care, and repairing flood damage will be major funding issues. A cigarette tax increase to provide indigent medical care failed to pass in the 1985 session but will probably return in 1986.

### Wisconsin

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Wisconsin's 25-cent tax is among the highest in the nation, but is not significantly out of line with three of its four neighbor states. High also is the state income tax rate which has contributed to the migration of many industries out of the state, causing a deceptively healthy state economy. The Commissioner of Agriculture has recommended reducing property taxes -- which are the primary source of funding for public education -- in order to aid the agricultural sector. The state is facing several big-ticket infrastructure needs: rebuilding and maintaining the transportation network, replacing antiquated sewer systems in metropolitan areas, and cleaning up hazardous waste dump sites. The Wisconsin Lung Association retains legislative counsel and can be expected to promote a cigarette excise increase as a prime revenue source.

### Wyoming

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Any downturn in Wyoming's already flat natural resources and agricultural industries could spur legislators to consider hiking the cigarette tax. Wyoming's 8-cent tax has not been raised since 1967 and is significantly lower than its neighbors' rates and the national average. The current Governor has been a supporter of the industry throughout his two terms, but as he is not running for reelection, his strong anti-excise stand may carry less weight with the legislature in 1986. The strong Colorado GASP organization has begun to organize local health groups in the city of Cheyenne for smoking restrictions, and may follow up with efforts in the state capitol on taxes as well.

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