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April 25, 1994

**TO:** Walter Woodson  
**FROM:** James Savarese  
**RE:** Labor Management Committee Activities  
November 1993 - April 1994

This memorandum provides a report on the activities of the Tobacco Industry Labor Management Committee ("LMC") during the period from November, 1993 through April 25, 1994. The report is divided into four sections:

- 1. Federal Taxes/Health Care
- 2. State Taxes/Health Care
- 3. Federal Indoor Air Quality/OSHA
- 4. State Indoor Air Quality/OSHA.

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1. Federal Taxes/Health Care

On November 18, 1993, Kentucky State AFL-CIO President Robert Curtis testified before the House Ways and Means Committee during hearings on the financing provisions of the Administration's health care reform package. Curtis, who is also International Vice President of the Bakery, Confectionery & Tobacco Workers International Union (BC&T), expressed support for the ideal of health care reform in his testimony, but strongly argued against an increase in the federal cigarette excise tax as a financing mechanism.

While the level of the proposed tax has increased in some quarters from 75 cents/pack in November to \$1.25/pack, labor's arguments against the tax have remained consistent. As Mr. Curtis argued in his early testimony on this issue, tobacco taxes unfairly burden the South, represent a very regressive form of taxation and cause worker dislocation while failing to provide adequate retraining or comparable employment opportunities to dislocated workers.

Since November, these messages have been forcefully and persistently advanced before the Congress, the President, the media and throughout organized labor by Mr. Curtis, who chairs the industry's labor management committee and several other representatives of labor and progressive policy organizations.

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For example, the Labor Management Committee facilitated a November press conference in Washington, D.C. where a group of Southern State AFL-CIO Presidents, representing labor in Kentucky, Virginia, North Carolina and Georgia, denounced the proposed excise tax increase.

In addition, the progressive public policy group Citizen Action testified during the November hearings that tobacco taxes "are extremely regressive" and "fail the test of adequacy and certainty".

The pre-eminent tax policy group, Citizens for Tax Justice (CTJ), also completed an analysis of the 75-cents and \$1.25/pack increase which, among its other findings, demonstrates that both proposals would wipe out 1993's earned-income tax credit for working families.

Also, during the past three months, the International President of the Bakery, Confectionery & Tobacco Workers Union, Frank Hurt, has contacted President Clinton, Democratic National Committee Chairman David Wilhelm and members of Congress, including Ways and Means Chairman Rostenkowski, to express opposition to the proposed tax. BC&T President Hurt was a featured speaker at the tobacco workers' rally held on March 9 in Washington.

The LMC has also assisted the BC&T in its development of a grass roots campaign against the proposed tax increase. During April 20-22, leadership of the seven largest tobacco local unions came to Washington to deliver their message directly to Capitol Hill. The LMC arranged the union members' schedules and office appointments, coordinated their travel, developed a briefing book and provided a thorough briefing which included speakers from the Hill, the AFL-CIO and CTJ. More than fifty visits occurred over the two-day period. Targeted members included House Ways and Means Committee members and tobacco state representatives.

Finally, labor coalition groups, including the A. Philip Randolph Institute, the Labor Council for Latin American Advancement and the Coalition of Labor Union Women, are being asked to express their position against the tax. Each group represents a distinct constituency within the American labor movement and can appeal to members of Congress who are traditionally responsive to one or more of these constituencies. Each submitted statements during the Ways and Means Committee hearings in November and will do so for the Senate Finance hearings later this month.

## 2. State Taxes/Health Care

LMC resources for state-related activity have been significantly diminished. However, the LMC remains ready to respond to excise tax threats in individual states as appropriate.

For example, the LMC was instrumental in the fight over a proposed excise tax increase in Michigan. The cigarette excise tax increase of 50-cents/pack was included in a statewide ballot initiative concerning school financing. The LMC coordinated numerous activities in opposition to the initiative, including mailings by the state AFL-CIO and UAW to union households throughout the state, articles in union publications during the three-month campaign and distribution of handbills at every UAW plant in the state.

In addition, the LMC worked closely with the Strategy Group, which developed media contacts on behalf of Citizens for Tax Justice. CTJ developed sound labor arguments against the initiative which were included in the several communications delivered to union members. In addition, the Strategy Group arranged for a series of interviews conducted by CTJ to explain the regressivity of the proposal, including interviews with the Detroit Free Press and the Times. Although the measure passed by a margin of 70-30, union households in Michigan split evenly on the question, and the strongest union areas -- Flint and Detroit -- voted overwhelmingly against the proposal.

## 3. Federal Indoor Air Quality/OSHA

Since the beginning of the Clinton Administration, the National Energy Management Institute (NEMI), in conjunction with its parent union and LMC member Sheet Metal Workers International Association (SMWIA), has developed a working relationship with the U.S. Department of Labor and in particular with the Department's Occupational Safety and Health Administration (OSHA) in order to discuss federal policy related to indoor air quality and smoking in the workplace.

NEMI officials met several times with OSHA Administrator Joe Dear and key OSHA staff to discuss labor's interest in securing a comprehensive, system-based IAQ standard rather than narrow, counter-productive regulation pertaining solely to environmental tobacco smoke (ETS).

Moreover, the BC&T and NEMI have successfully represented their joint perspective on IAQ and the role of ETS within the national AFL-CIO structure, especially within the labor federation's own OSHA division. The AFL-CIO itself communicated its support for a broad, system-based regulation to federal OSHA in

writing and in meetings with OSHA staff during the course of the last few months.

Since the issuance of the proposed regulation, the BC&T has assisted the AFL-CIO in formulating a response. While this response is still in the developmental stage, it can be reported that the AFL-CIO is disappointed by the proposed rule and views the sections related to IAQ as wholly inadequate. The AFL-CIO also views the provisions related to restaurants and bars as problematic.

The Labor Management Committee focused its resources in recent months on opposing H.R. 3434, the Smoke-Free Environment Act of 1993, introduced by Representative Henry Waxman. Testimony on H.R. 3434 has been provided by BC&T President Frank Hurt, Sheet Metal Workers International Association and NEMI. Each of these organizations also addressed the committee members in writing to express their opposition to the Waxman bill. In addition, the national AFL-CIO expressed its concerns in writing to Chairman John Dingell and all members of the House Energy and Commerce Committee. The LMC also coordinated targeted meetings between key committee members and NEMI field representatives and LMC labor personnel.

#### 4. State Indoor Air Quality/OSHA

Despite limited resources for state activity, the LMC took an active role in battling workplace smoking restrictions in Maryland and Washington state. In both states, the state OSHA agencies became involved in the process of developing IAQ regulation. Similarly, anti-smoking advocates participated in attempting to subvert a broad-based approach to IAQ regulation from either within the respective agencies or from outside pressure by anti-smoking groups.

In Maryland, the state AFL-CIO worked aggressively against narrow ETS regulation. The Maryland AFL-CIO submitted oral and written testimony before the state's OSHA advisory board prior to the issuance of the proposed regulation and will continue to oppose the workplace smoking regulation during the ongoing comment period.

In Washington, the LMC's state labor consultant secured a seat on the state's IAQ advisory committee and generated opposition to the narrow rule from elected officials and organized labor.

Attached are letters, testimony and other related materials that document Labor Management Committee involvement in key tobacco issues.