

M E M O R A N D U M

February 13, 1989

TO: SENATOR DOLE
FROM: JIM WHITTINGHILL
SUBJECT: TOBACCO INSTITUTE BREAKFAST

There will be about thirty people from the Tobacco Institute (federal and state relations staff), U.S. Tobacco (probably John McKinney - late Cong. Stew McKinney's son), Philip Morris (probably Greg Scott), RJ Reynolds (Burley Leonard & Tommy Paine), Marlow Cooke, former Cong. Charles Whitley (D-Mount Olive, N.C., retired at the end of 99th Congress, replaced by Martin Lancaster, D-Goldsboro, N.C.) and John White.

You will be introduced by Bob Lewis, Director of Federal Relations of the Tobacco Institute. Ralph Vinovich, former Chief of Staff for Bob Michel will also be in attendance.

They would like you to speak for 10 - 15 minutes on any topic of your choice. In addition, they do not expect to you to speak about tobacco issues.

Ralph Vinovich prepared the attached list of tobacco issues that they will be following this Congress.

January 1989

Tobacco Issues in the 101st Congress

A number of issues affecting the tobacco industry will receive consideration during the 101st Congress. Most of them are carried over from the 100th Congress, when tobacco issues were debated almost until the hour of sine die adjournment. The issues are:

Excise taxes. Despite the demonstrated regressivity and discriminatory nature of excise taxes, proposals to increase the cigarette excise tax will be a topic in every forum where the budget deficit is discussed. In addition, rifle shot attempts to use the tax to pay for pet projects ranging from aspects of health care to low-cost housing, have become commonplace.

Advertising. Hearings on serious proposals to prohibit the advertising and promotion of tobacco products can be expected in one or more Energy and Commerce Committee subcommittees on the House side. Parallel efforts to remove the business tax deduction for advertising and promotion costs will be before the House Ways and Means and Senate Finance Committees.

Labeling. The 1988 Surgeon General's Report focused on the subject of addiction, and legislation to turn the report's conclusions into a new cigarette warning label is certain to be introduced. Ironically, such legislation requiring a new federal label is also likely to raise the question of repealing the federal preemption of cigarette warnings.

Cong Richard
Durbin -
D-Ill.
(Lawlerborg)

Airline Smoking. The sponsor of the smoking ban on two-hour domestic flights already has announced his intention to use the appropriations process to extend this ban to all domestic flights in 1989, ignoring the fact that the two-year trial period on the two-hour ban will not be over until 1990.

Military. Measures to raise cigarette prices in military sales facilities, or to remove them from commissaries altogether, will be offered, particularly in the Senate, whenever there is an opportunity. These efforts ignore the fact that lower prices for all products in exchanges and commissaries are considered part of the military benefits package.

Fire-Safe Cigarettes. An inter-agency committee, created by Congress, has concluded that it may be possible to manufacture cigarettes which are less likely to set fires, and has recommended additional study to establish, for example, a "validated test method". The tobacco industry supports legislation introduced last year by Congressmen Boucher and Bliley and Senators Gore and Breaux to implement these recommendations. Other legislation may be introduced that will ignore the committee's recommendations and proceed directly to implementation of a standard.

Joe Moakley
Sens Cranston & Heinz