

V. LOBBYISTS AND CONTRIBUTIONS

Numerous industry documents list contributions to candidates, political parties or other political groups. Few are of great interest to this research effort, as the law requires large contributors such as the tobacco industry to report their activities. We highlight a sample of these documents to illustrate the magnitude of the industry's political activities in Texas.

We begin with a 1989 report titled "Regional Constituency Development Budget: 1989 Southwest Region." The document shows Philip Morris allocated \$114,200 for political contributions, \$102,400 for non-political contributions and \$33,200 for events. In Texas, Philip Morris distributed the allocations as follows: [Lobby.1/89_contributions.PDF/p.1-12]

Statewide offices	\$5,000
Senate	\$10,000
House	\$10,000
Republican Party	\$10,250
Democratic Party	\$14,750
General Business Associations	\$4,290
State/Regional Political Assns.	\$18,000
Research organizations	\$500
501(c)(3) organizations	\$28,700

Events

PM New Member's Reception	\$5,000
House Committee Dinners	\$5,000
Virginia Slims Tennis (Dallas)	25 tickets
Virginia Slims Tennis (Houston)	25 tickets
PM Broken Smoke Night	\$3,000
Treasures of the Fitzwilliam Museum	30 tickets
Marlboro Country Music (El Paso)	50 tickets
Latin American Presence	25 tickets
Marlboro Country Music (Odessa)	50 tickets
Marlboro Country Music (Dallas)	50 tickets
Marlboro Country Music (San Antonio)	50 tickets
Marlboro Country Music (Austin)	50 tickets
Marlboro Country Music (Beaumont)	50 tickets

General Business Associations (total) \$4,290

Political Associations

TX Black Caucus	\$4,000
Governor for a Day	\$2,000
Hispanic Womens Leadership	\$500
Mexican American Caucus	\$3,000
Secretary of the Senate	\$1,300
Southwest Voters Registration	\$10,000
Speakers' Day	\$6,250

We continue the examination of this report focusing on the funding for lobbyists and their political activity.

Contract Lobbyists

Referring to your contract lobbyist list, the second revised budget contains an additional \$90,000, from #351,000 to \$441,000. If you refer to the number of \$337 on your summary sheet, the request is an additional \$104,000.

We needed additional help in Texas to fight taxes, smoking restrictions, and trial lawyers. Help came in the form of Rusty Keller and Buddy Jones who each got paid an additional \$30,000 and Cal Varner who was paid \$5,000.

I think it will be highly likely that several firms will be put on retainer, totaling \$50,000 in Texas this year.

Events

We need an additional \$30,000

We are going to sponsor a legislative hunt in south Texas in November that will cost around \$10,000, including the land lease. Also in Texas, we are planning 2 educational trips, probably including honoraria for several Senators which will probably cost around \$15,000. Lobby.1/89_contributions.PDF/p.1-12]

The 1990 Budget for political activities in Texas shows the tobacco industry invested \$435,965 in the state while noting “Texas has no regular session in 1990.” [Lobby.2/90_contributions.PDF/p.1-3]

Industry lobbyists and representatives use this money to “achieve the goal and objectives outlined for the Texas Business Network (TBN), a two-phase effort of contact mobilization and coalition education/development.” [Lobby.3/business_network.PDF/p.4]

Some key components of the TBN:

1. Structure: Unlike traditional mobilization campaigns which involve the generation of mass mailings and telephone calls to legislators, a more targeted and direct approach will be employed. A list of political contributors and prominent individuals in agriculture, business and labor will be developed by each manager. This ‘opinion leader list’ should contain the names of those key individuals in a district who are influential with the targeted legislator and who support product liability reform.

2. Process: The manager will identify this group who are personally close to the targeted legislator (i.e., campaign contributors, leading business people, city, county or state legislators, political party leaders and labor leaders.) The manager will provide each ‘opinion leader’ with informational and educational materials on the issue. The manager will then contact each individual on the ‘opinion leader list’ and solicit commitments to participate in that effort.

3. Results: At the appropriate time, the manager will instruct the ‘opinion leaders’ to contact their targeted legislator concerning specific reform issues. The contacts may be in the form of a personal phone call, meetings in the state capitol or district, or personal letters.” [Lobby.3/business_network.PDF/p.4]

In a July 1992 Philip Morris Inter-office correspondence, Craig L. Fuller reports to Michael A. Miles that Philip Morris sponsored or supported the following activities (select activities only):

“...eight students from around the country were chosen as finalists for the 1992 Philip Morris Scholarship for Future Teachers established by our office.

National Newspaper Publishers Association annual conference dinner in Baltimore, George Knox and Virgis Colbert of Miller Brewing delivering remarks

National Black Chamber of Commerce annual conference, Fort Worth

Women Involved in Farm Economics (W.I.F.E.) annual conference, Washington

National Association of Latino Elected Officials annual conference, Santa Fe

National Rainbow Coalition Annual Conference, Washington

National Society of Hispanic MBAs first Vista 2000 Scholarship Fundraiser, Frank Gomez honorary chairman, New York City

Mexican American National Women’s Association conference and unveiling of 16-year retrospective book underwritten by PM Cos., Washington

Hispanic Parade Awards Banquet, New York

Hosted Mayor’s reception, U.S. Conference of Mayors conference, Houston (with PM USA and Miller Brewing Company)”

[Lobby.4/PM_92_activity.PDF/p.4-5]

Fuller claims Philip Morris “attended or participated in” the following activities

“Asian Law Caucus 20th Anniversary Celebration, and meeting of Asian Pacific Americans in Philanthropy and the National Asian Pacific American Legal Consortium, San Francisco

U.S. Hispanic Chamber of Commerce convention planning meeting, Dallas

White House Briefing on urban policy agenda, Washington

Caribbean American Chamber of Commerce Corporate Advisory Board Meeting

National Black Caucus of State Legislators Corporate Roundtable

National Urban League Black Executive Exchange Program annual meeting, Atlanta”

[Lobby.4/PM_92_activity.PDF/p.6]

In a summary of the Philip Morris Political Action Committee, PHIL-PAC, we are able to catch a glimpse of the reward system in action. Regarding Texas Republican Tom Delay, PHIL-PAC contributed \$1,000 to his 1984 campaign. The document notes that Delay, “On state level, voted favorably on cigarette and beer tax increase bill.” [Lobby.5/leg_finances.PDF/p.2]

In what may be the most telling discovery, we captured industry officials admitting their financial contributions corrupt political officials. In an untitled document, circa 1989, industry representatives provide company officials with an update of political activities in Texas and neighboring states. The Texas section begins with a summary of the industry's "Outreach Program for Legislators and Key executive/Legislative Staff."

"Executive Branch:

Our best, and perhaps, only hope to combat a consumer excise tax in 1991 is to help elect a Republican Governor who is a 'no new Taxes,' George Bush, Jr./Will Clements kind of guy. We will not do anything until after the March primary, check out the survivors, and go with the Republican candidate. The democratic candidates, including at least State Treasurer Ann Richards and Attorney General Jim Mattox, may not be electable in November, due to their extreme liberalism." [Lobby.6/leg_action.PDF/p.7]

The tobacco industry was highly concerned about the energy of Texas Comptroller, Bob Bullock. Bullock strongly supported increasing excise taxes on tobacco sales in Texas. While the industry wanted Bullock out of the way, they feared he would soon be the new Lt. Governor. As this appeared inevitable, they worked to ensure a more favorable candidate assumed the position of Comptroller.

"Comptroller:

The current Comptroller, Bob Bullock is vehemently pro cigarette tax and repeatedly beat us over the head in the media during this last session. Bullock invented the myth that there is all this 'free' federal money that somehow would be made available to provide medical services to the poor if TX came up with \$160m. in new cigarette tax revenues to match it. Pursuant to the myth, the fund must be derived from cigarette taxes – general revenue won't do. Unfortunately, he is extremely likely to be our new Lt. Gov., which I will discuss later. Our new comptroller – the person to whom the Governor and Legislators look to for the state's financial guidance – will be John Sharp.

The plan is to give early and large campaign contributions to [John] Sharp, thereby jumping on the bandwagon early and at the very least buying Sharp's silence when it comes to locating new revenues" (emphasis in original). [Lobby.6/leg_action.PDF/p.7]

"Lt. Governor: [unreadable] of Chappequidick, there is nothing we can do to prevent Bullock from becoming Lt. Governor, nor can we temper his stand on tobacco tax increases. So we have to deal with the Senators instead." [Lobby.6/leg_action.PDF/p.7-8]

"Senate: We have a plan to get the magic number of 12 Senators (The TX Senate has 33 members; however, under the procedural rules of the upper chamber, a 2/3 vote is required to pass any measure. Therefore, 11 senators (12 to 13 to be safe) can block consideration of tax increases and other proposals.) [sic] to be very sympathetic to us and I will discuss in Tulsa." [Lobby.6/leg_action.PDF/p.8]

"**POLITICAL CONTRIBUTIONS:** We will spend \$16,000 in Sept. – Dec. 1989 and will request another \$15,000 for 1990. We will concentrate on the races for Governor, Comptroller, key Senators, and key House Committee chairs.. Where profitable, we will also give to Republican House races because those types are more likely to be 'no new taxes' candidates.

Events: In Texas, some events are worthwhile, but the benefits are so much greater with trips and campaign contributions. I give out tickets to PM events and they are much appreciated but don't have much of an impact. However, we continue to try to develop inventive ways to ingratiate PM with legislators..." [Lobby.6/leg_action.PDF/p.8]
