

ARIZONA

Our immediate problem is the current legislative plan for a major legislative tax and revenue session this fall. The legislature is in the process of preparing its "Fiscal 2000" report which is slated for completion in late September. A special will be held in October and cigarette taxes will be on the table. The PM contract lobbyist has been meeting with members of the Fiscal 2000 team concerning the issues. Our present defensive strategy for both the Fall of 1989 and the 1990 session is essentially the same and differ only in degree.

Outreach Program

We will attempt to put a fairly broad-based plan into effect which will include a program to increase key legislator's awareness of PM; the issues concerning increased taxation and the impact of discrimination legislation.

POLITICAL CONTRIBUTIONS & FUNDRAISERS:

Last year, Miller took care of the PHILPAC monies to Arizona candidates with our blessing. This year, I am going to talk to Carl Buchman so PHUSA can request the monies and try to deliver the check together. Contract lobbyist reports that we should "concentrate on Leadership and Committee Chairs in the Senate. This program has always worked smoothly because by AZ. lobby law, the legislators max-out at \$50,000 for PAC MONEY."

NYO VISITS, TRIPS, AND HONORARIA

2 Contract lobbyist and I intend to institute a program of informational exchanges between key legislators and PM lobbyists, corporate staff, and possibly customers. The program will involve informal meetings with legislator participation secured by the payment of an honoraria. We will also try to use part of the program to hold meetings with key leadership who would benefit from a broader exposure to PM's regional and NYO personnel. We will plan to do one NYO/Richmond visit for three Senators.

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EVENTS

PH is involved in several special events in the Phoenix area. To the degree that opportunities are available, we will utilize them. For some reason, in Arizona the use of events is especially helpful - I mean more than in other states.

CHARITABLE CONTRIBUTIONS

Contract lobbyist is in the process of identifying key members' pet projects.

National Legislative Organizations:

3 We did special events for Arizona members during the meeting recently at ALEC. We will continue to be involved in that group, as well as the NCSL Western states conference in Monterrey. Special events at these meetings will include both entertainment and informal discussion meetings which will be included within the honoraria program. //

LEADERSHIP CHANGES - OUR RESPONSE

We do not anticipate any major legislative leadership changes for the 1990 session. The leadership changes that occurred last year should result in some stability during the next several years. Speaker Jane Hull and Senate President Bob Usdane appear to be sound and safe. There is some possibility that the 1990 Arizona Governors race could be a close one but it is too early to offer more than the suggestion that the race bears watching.

LEGISLATION

We will face a difficult task in 1990 to halt any consumer excise tax increase because the legislature in 1989 over-spent the Governor's budget by nearly \$65 million and the state's official estimating group for state revenue is projecting no increase in income for state revenues next year. There has been an infusion of new legislators on the house public health and welfare committee which has tipped the balance from a neutral group to an anti-smoking group. We were fortunate last year in securing votes at the last second to stop the anti-smoking legislation but it will be considerably more difficult in 1990. As a result, we plan to shift more of our attention to the senate public health

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and welfare committee to stop bad bills. Special attention will have to be devoted to members of that committee, particularly the chairman, Senator Roy Kritten.

POLITICAL CONTRIBUTIONS AND FUNDRAISERS:

4/ Last year, we gave out about \$11,000 to Kansas legislators. It may not sound like much, but that's the most we could give without sticking out like a sore thumb. We will do the same thing this year and attend the fundraisers.

NYO VISITS, TRIPS AND HONORARIA

✓ With these people, you get just as much political clout by sponsoring a hunting or a fishing trip rather than taking them to NYC. And it's cheaper and less hassle. The last time I did this, I usually take Stan and/or Terry along for the ride and protection. We will try to do a fishing trip to Lake of the Ozarks in MO in the Spring. We could include 5 or 6 members. We will use the honoraria for members of the Senate Public Health and Welfare Committee for reasons mentioned above.

EVENTS

To be quite honest, not much happens in Kansas. We sponsor a reception for the new legislators, and will do so again next year. And we utilize VA Slims when they are in Kansas. And of course we sponsor committee dinners where possible.

CHARITABLE CONTRIBUTIONS

I have asked the contract lobbyist to identify member's pet projects for next year.

ORGANIZATIONS OF ELECTED OFFICIALS:

We do not concentrate on Kansas during NCSL because other states take priorities, but we participate in the Midwestern CSG conference when we can. Same with MO. We give to the rural caucus.

LEADERSHIP CHANGES

Although we will not see the changes in 1990, there will be significant leadership changes following the 1990 legislature. Traditionally in

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Randall, House Speaker, only serve two terms as Speaker and Jim Branden will be retiring. If he is succeeded by the current House Majority Leader, Rep. Ben Miller, we will be facing a hostile leadership because Miller is anti-tobacco, although he is a conservative Republican, and we will probably also see a new House Chairman for the Public Health Committee to succeed Marvin Litvack who is expected to retire. With the subsequent apple cart being upset in the House, we will have to concentrate more of our attention on the 40 member Senate to halt anti-industry legislation. Hence, the trips and tools.

LOUISIANA

Although we had an extremely successful and lucky year this year in LA., the tobacco tax is still considered a major funding source for the state and we need to be prepared for another major effort to enact a substantial increase in the next session. Our lobby team thinks that we must come up with a bottom line amount that we can accept because a tax increase of some sort is inevitable. I keep explaining to them that we don't do bottom line amounts. Before I talk about specifics, I wanted to make a comment about this state. We spend an absolute fortune in Louisiana due to the nature of the legislators and the laws (sorry about the votes) and the program.

POLITICAL CONTRIBUTIONS

We have spent something in the neighborhood of \$30,000 this year. That included special contributions for the April referenda. I expect we will do the same next year and I go to the fundraisers when I am in Baton Rouge.

Randy has an idea that has merit - He feels like we need more coordinated effort with TI and RKR and the products team in the area of political contributions. We already coordinate with TI. Louisiana has new reporting laws and contribution amounts and someone needs to coordinate the industries' contributions to avoid any possible conflicts.

NYO VISITS, TRIPS AND HONORARIA

We already help sponsor a legislative dove hunt, but I think our own fishing trip would be of benefit. We give these members so much money in campaign contributions and I think that knocks out the need for an honorarium

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unless they requested it coupled as a trip.

EVENTS

We do dinners, there is not an event we miss in this state.

CHARITABLE CONTRIBUTIONS

We give where there is political benefit.

ORGANIZATION OF ELECTED OFFICIALS

We are already active in these organizations. We gave money last year to every caucus that ever existed and will continue to do so.

LEADERSHIP CHANGES

Louisiana is on a four year cycle for election of governor and legislators and there are two more years remaining on the term of the current governor and legislative membership. At this time, however, there appears to be a good possibility for change in 1992 for Governor, President of the Senate and Speaker. Therefore, we will continue to work closely with the various caucuses and factions that will have an impact on the future.

MISSOURI

1990 will be another tough year in Missouri battling taxes. Governor Ashcroft will continue to beat the cigarette tax drum. I mean this guy really hates us - He doesn't even dance for religious reasons. This past week the President pro tem of the Senate cut a deal with the Governor and said he will sponsor a bill to raise cigarette taxes.

POLITICAL CONTRIBUTIONS

We gave \$23,000 in MO. last year and will continue with that program next year.

NYO VISITS AND TRIPS

This group really loves to hunt. The same guys I took to the racetrack in OK and hunting last year were the very ones that helped us hold the leadership firm on no cigarette taxes. We will be doing some racetrack trips in 1990.

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EVENTS

Same as Kansas, we do them as they come along and they are helpful.

CHARITABLE CONTRIBUTIONS

Some thing.

ORGANIZATIONS OF ELECTED OFFICIALS

We will continue to give to the various caucuses and they will continue to be of service to us.

LEADERSHIP CHANGES

There will be no changes next session. In 1991, there will be no changes in the Senate, but in the house the speaker is talking of retirement and our people are already in line.

OKLAHOMA

In OK, the industry lobby team is absolutely superb and seems to be able to hold leadership to coming out in the press against a cigarette tax every time the Governor brings it up, which is often. All the lobbyists were former members and just do a great job.

So our defensive strategy is just to keep on keeping on. We use events, charitable contributions, and entertainment of standing committees. Not much caucus stuff here. A major improvement is we have to establish an Oklahoma Pac or give Tom Rogers a raise. So far we've done fine without it but it sure would help out. Tom is sending me the stuff.

LEADERSHIP CHANGES

Leadership will not change in the Senate for at least three years. Should the Speaker of the House run for Governor in 1990, we have already built relationships with probable successors.

NEW MEXICO

We will of course be facing consumer excise tax increases next year in New Mexico and smoking restriction bills, etc.

We will continue to give political contributions which really is the only

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thing going in New Mexico. Our Speaker Ray Sanchez always seems to hang tough with us. He had a great opportunity to sell us out last year and didn't do it.

Thank guys just don't do trips and honoraria. We have done some charitable contributions. There are no caucuses and they just don't participate.

LEADERSHIP CHANGES

There will be no changes for the foreseeable future.

TEXAS

Outreach Program for Legislators and Key executive/Legislative Staff

Executive Branch:

Our best and, perhaps, only hope to combat a consumer excise tax increase in 1991 is to help elect a Republican Governor who is a "no new Taxes", George Bush, Jr./Bill 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.

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 \$160 m. 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 address 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 Sharp, thereby jumping on the bandwagon early and at the very least buying Sharp's silence when it comes to locating new revenues.

Lt. Governor: Sharp of Chappaquiddick, there is nothing we can do to prevent Bullock from becoming Lt. Governor, nor can we temper his stand on tobacco tax

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increases. So we have to deal with the Senators instead.

Senate: We have a plan to get the magic number of 12 Senators (The TX Senate has 31 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.) to be very sympathetic to us and I will discuss it in Tulsa.

House: We will always concentrate on the Senate, but there are things we can do in the House that will be of major benefit to us. We will continue to cater to the Speaker and his pet projects, as well as to the five or six committee chairs that have and will help us. We must keep in mind that one of these committee chairs will be speaker in 1993. That covers leadership changes, now for specifics.

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.

Honoraria and NYO Visits:

✓ With less states, this will be easier to accomplish because to do these right, good planning is a must. After the special session on workers' compensation in November, if the current media flap over legislators' trips dissolves, we are planning on taking four trips to NYO with honoraria involved. ✓ Two Senate trips and two House trips with three members and spouses on each trip.

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. As one example, immediately upon adjournment of the regular session, we distributed to

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each of the 181 Senate and House members a copy of The Capitol Story, which is an attractive photographic history of the statehouse. This unusual gift was much appreciated by legislators and their families. I even got 4 or 5 phone calls to thank us.

Fundraisers:

This category goes hand in hand with political contributions.

Organizations of Elected Official:

We always give to the various caucuses and this type of contribution does buy political clout.

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MISSOURI: This is a close as you are going to get. We are members of everything, but our contract lobbyist works very closely with the tobacco wholesalers and they do anything we ask for. Surprisingly, the Chamber of Commerce is usually very helpful statewide and on a local level. We work well with the restaurant associations. We sponsored a golf tourney for the wholesalers and a party boat cruise on Lake of the Ozarks with the restaurant folks for the Black Caucus.

NEW MEXICO: We are very close with the NM Assn of Tobacco & Candy Dist. and helped sponsor their annual legislative reception and a golf tournament. We are members of what groups there are--and the restaurant folds and the wholesalers, Board of Realtors and Bowling Alley Assn were very helpful in the Albuquerque ordinance battle. These people help Barberousse out when they can, but they are unorganized, except for the Candy & Tobacco folks.

OKLAHOMA: Again, a love fest. They are all best friends. We sponsored a legislative bar-b-qae with TI, Tobacco Wholesalers and RJR earlier this year. PM works with the restaurant associations, nursing home associations in opposing legislation to remove the state preemption of municipal ordinance banning smoking. Groups we will be working on will be state employee associations, teacher associations, and similar groups for smoker's rights legislation.

TEXAS: We should be much stronger in this area. We will work to correct it. I will be elected to the board of the Texas Research League in September so that should help some. We work with the wholesalers, but we had a hard time when it came to witnesses against the smoking restriction bill in the Senate. No one would come to our aid except the Black Caucus members to speak out against the tax and even then we had to use personal favors for them to hold the press conference. We have really catered to the local chambers buying time for sampling ban legislation. Particularly in Houston and Dallas by sponsoring things like the Dallas Black Dance and other pet projects. Benson and Hedges Blues helped us alot in Dallas.

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CONSTITUENTS:

OUTREACH PROGRAM: What groups are we working with--direct contributions and event sponsorships.

ARIZONA: We are members of the Candy & Tobacco Assn, Chamber of Commerce, Restaurant Assn, Retail Grocers Assn., Women's Legislative Group, and the AZ Tax Research Assn.

We were successful in securing the participation of both Circle K and The Southland Corporation in the last session to oppose the tax increases and that support should continue. The restaurant folks did not help us with the tax issue, but will participate in any discrimination battles which affect their operations. Part of the discussion of the industry lobby in AZ has been on ways to encourage involvement by industry wholesales, and John is hopeful that effort can be integrated into the honoraria program to secure their participation in the discussion sessions. Also, we assisted the billboard folks in their legislative battle this year and believe they will reciprocate in the future.

Ernie Hoffman holds legislative meetings that I attend when possible during session to discuss legislation with the wholesalers and distributors, restaurant folks and other interested parties. These will continue.

KANSAS: We are members of the Tobacco & Candy Group, chamber, restaurant assn, and retail grocers assn. One thing Bill does is work closely with the wholesalers and restaurant folks.

I think the TAN meetings Terry should hold, but doesn't because of budget, should be reinstated--those were very helpful and participants got the warm fuzzies to be included.

LOUISIANA: We are members of all the groups. Particularly helpful is the Assn. of Business and Industry, which fronted the products stuff. We work with the wholesalers and I spend a lot of time keeping John Georges off my back and out of my face. But we talk on a regular basis and he has some okay ideas. Jo and Randy are always working to keep the restaurant folks involved. The wholesalers' lobbyist is Jo's office partner. We have given money to support a golf tournament sponsored by Imperial Trading Company. These are all helpful folks.

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