

THE TOBACCO INSTITUTE

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December 21, 1982

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MEMORANDUM

TO: Roger Mazingo
FROM: John Bankhead
RE: South Carolina Legislative Situation Report

Not since 1979 has a public smoking bill been introduced in the South Carolina General Assembly. However, there is talk that a University of South Carolina law professor is attempting to have public smoking restriction legislation introduced in the 1983 session.

With respect to tax legislation, H-2050 (Attachment #1) which was pre-filed in November by State Representative Woods of Charleston, and proposes to increase the tax by 2¢ per pack, was reported out of the Ways and Means Committee on December 14. Please refer to my memo of December 16 on this matter. (Attachment #2)

The last tax increase on cigarettes came in July of 1977 when it was increased from 6 to 7¢ per pack.

Legislation

The prognosis on introduction and passage of tobacco-related legislation is as follows:

<u>Legislation</u>	<u>Introduction</u>	<u>Passage</u>
Smoking Restriction	Likely	Unlikely
Sampling	Unlikely	Unlikely
Self-extinguishing	Unlikely	Unlikely
Cigarette Tax	H-2050 prefiled	Likely in House- Even in Senate
OTP Tax	Unlikely	Unlikely
Misc. Resolutions	Unlikely	Unlikely

Due to the state's shortfall this year of 59 million dollars and an estimated shortfall of 89 million dollars for 1983, the passage of a cigarette tax increase is possible. The recent move by the House Ways and Means Committee to report H-2050 out for consideration on the House floor was an unusual

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and unexpected move. Never before had this committee acted on revenue raising bills before the budget had been proposed and finalized. A report on the cigarette tax situation on South Carolina which was prepared by Paula Duhaime and will be used in our fight against this increase is attached for your information. (Attachment #3)

A revenue raising proposal which has not been considered as yet by the Ways and Means Committee is a 1% increase in the general sales tax. This measure is reportedly supported by Committee Chairman Tom Mangum who also backed the cigarette tax increase in committee. Should the sales tax increase be reported out of committee, then our chances of defeating the cigarette tax legislation will increase considerably. Several key members of the Ways and Means Committee have indicated to our lobbyists that they would change their vote and vote against the cigarette tax should the sales tax increase legislation reach the floor.

A meeting of state legislators from the tobacco producing area has been scheduled by Senator Jim Lindsay of Bennettsville for 9 a.m. on Wednesday, January 12, at the Capitol, to discuss strategy for defeating H-2050. Both our lobbyists and I plan to attend.

Senator Lindsay is a senior member of the Finance Committee where H-2050 will be referred should it pass the House.

Another move under way is a request by State Representative Robert Brown of Mullins for a public hearing on the cigarette tax increase bill by the Ways and Means Committee. Since the public was not given a chance to present its views on this bill to the committee, Brown feels that a hearing will provide the tobacco industry with an opportunity to convert a number of favorable votes of the committee members when it is considered on the House floor.

The last effort to raise the cigarette tax came during the final hours of the 1982 session, when four amendments were offered to the Appropriations Bill to raise the tax by increments of from 2 to 5¢ per pack. These amendments were defeated with the help of the Farm Bureau and Commissioner of Agriculture.

The last public smoking bill, which was introduced in 1979 by Phil Rigdon of Greenville, was heard in 1980 by a special subcommittee of the House Medical, Military, Public and Municipal Affairs Committee. This subcommittee took no action on the bill and it died with adjournment. Rigdon, who was a freshman representative then, has stated to the Farm Bureau lobbyist that he does not intend to introduce another public smoking bill.

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In the Senate, a similar bill was introduced in 1977 by Dewey Wise of Charleston and reported out of the Medical Affairs Committee. The Senate took action to refer the bill back to committee where it died with adjournment in 1978. Wise also indicated that he has no plans to reintroduce such legislation and has not done so to date.

There is a possibility that a smoking restriction bill may surface since a University of South Carolina law professor apparently has expressed his desire for the legislature to consider one. In addition, a GASP chapter has been formed in Charleston and has received press coverage on its desire for separate smoking and non-smoking sections in all public places.

Legislative Session

The South Carolina General Assembly will convene its 1983 session on January 12 with no limit being placed on the date of adjournment. Sessions usually run to mid-summer. Bills not acted on in the 1983 session are carried over to 1984.

The make-up of the 1983 legislature consists of 41 Democrats and 5 Republicans in the Senate and 106 Democrats and 18 Republicans in the House.

The only known major leadership change is in the Senate where the former Speaker Pro Tem of the House, Mike Daniels, will take over as President of the Senate, having just been elected Lieutenant Governor.

The remaining leadership positions and committee chairmanships have not been determined as yet, but no changes are expected.

T. I. Legislative Activities

The Institute, under strict compliance with South Carolina law, made campaign contributions to 15 members of the General Assembly, including Speaker of the House Raymond Schwartz, House Agriculture and National Resources Committee Chairman "Bubba" Snow, House Ways and Means Committee 1st Vice Chairman T. W. Edwards, and House Medical Affairs Committee member David Hawkins.

It is hoped that these contributions will strengthen our position in the General Assembly.

Our Lobbyists, John Gregg McMaster and Sterling Smith have represented the industry ably in the past and have great rapport with members of the legislature as well as with agriculture related groups such as the South Carolina Farm Bureau and the office of the Commissioner of Agriculture and allied groups such as the South Carolina Restaurant Association, the South Carolina Banker's Association, and the South Carolina Chamber of Commerce.

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Area Director Activities

Being a South Carolina native from a large and politically active family has proved to be an asset in dealing with the General Assembly and state agencies.

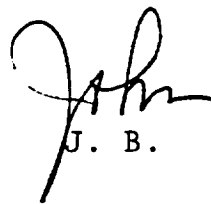
In addition, I am a member of the South Carolina Chamber of Commerce and the South Carolina Farm Bureau and have developed over the past six years a good working relationship with the Farm Bureau, the South Carolina Tobacco Warehouse Association and key individuals from the tobacco producing area.

As you know, our good friend Bryan Patrick was defeated in his bid for re-election as Commissioner of Agriculture. I have met with the new Commissioner Les Tindal, who offered his assistance when needed. (Attachment #4) It is needed.

Summary

While the cigarette tax increase bill will be difficult to defeat considering the state's revenue shortfall, I am hopeful that our early start toward putting together a strong coalition of groups to oppose the increase will have an effective impact on the legislature. At this point, we have a better chance of defeating it in the Senate than in the House.

As in the past, there should be no major problems with smoking restriction legislation.


J. B.

Attachments

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