

1991 LEGISLATIVE ANALYSIS SOUTH CAROLINA

The Executive Branch offices and the House of Representatives stand for election in 1990.

At least ten House members have been indicted or have resigned in the past two months. The Chairman of the tax writing committee, Ways and Means, was defeated in the primary. His successor, Representative Bone, was named by Speaker Sheehan. The Speaker has a November opponent and his reelection is not a certainty.

In 1990, South Carolina enacted the best package of pro-active legislation in the nation. As a consequence, the industry legislative effort will be defensive in 1991.

At its 1990 convention, the State Medical Association adopted a resolution to seek a 25-cent per pack tax with revenue dedicated to hospital cost containment.

The lobbying team has discussed various strategies to defeat this effort in the House where tax bills must originate.

Legislators in South Carolina are very reluctant to enact taxes with revenues dedicated to specific causes. However, the lobbying team is aware that the last cigarette tax increase (in 1977) was dedicated to early childhood educational needs.

Cigarette excise tax increases sponsored by the House Speaker to secure additional general fund revenue have been defeated twice in the past four years. The lobbying team seriously doubts that the Speaker would support a tax with dedicated revenue when the state general fund is marginal.

The coalition of growers, processors and other individuals with a high economic stake in tobacco has served well as a front line defense to tax increase efforts in the past four years. The State Farm Bureau has also been a consistent and potent ally.

The Senate deliberates on the budget after the House has acted. Consequently, in recent years, excise taxes have not been considered. The industry has strong connections with the Senate leadership.

Governor Campbell has consistently opposed tax increases of any kind during his term of office. Additionally, when the House has considered excise tax increases in the past, the Governor openly encouraged House Republicans to vote "no".

As in 1990, it is conceivable that funding for a supplemental legislative consultant will be requested if a serious threat of taxation develops.

STATE TAX PLAN

SOUTH CAROLINA

LEGISLATIVE ACTION: 1991

STATE/LOCALITY: South Carolina

ISSUE: Excise tax

SUMMARY: Increase tax by \$.25 per pack dedicated to hospital cost containment. Earmarking will be in hospital/medical community arena.

SPONSOR: Anticipate sponsor acting at request of South Carolina Medical Association. Dedication will make defeat very difficult. Cannot be consider just another tax threat in one of the strong tobacco states.

INTRO DATE: January

COMMITTEE: House Ways and Means. Strength in the committee not as strong as in past years.

LEGISLATIVE STATUS: No certainty bill will be introduced but offers a very serious threat. With introduction containment will be difficult and situation could evolve to a need for small tax increase rather than anticipated 25-cents per pack on cigarettes.

INDUSTRY ACTION:

Industry team works well with TI's legislative consultant. Each member of team has very solid contacts and when cooperating represent a strong lobby in this state.

RESOURCES NEEDED	YES/NO	DATE NEEDED
ECONOMIC ANALYSIS/FACTSHEET?	Yes	February

Impact assessment needed if bill is introduced. Will be requested through TI economist who will work with post impact studies done by TI and individual companies.

LEGAL MEMORANDUM? Not seen as necessary

EXPERT WITNESSES?

Yes

February

Economist testimony will be requested. Will also bring in additional professional witnesses if need is requested.

COALITION ALLIES?

Yes

Farm Bureau, growers, processors and others with economic interests. Wholesalers be organized to also provide contacts and testimony. NTC will be asked to mobilize their members for letters and contacts. Tobacco processors will be requested to play contact role.

TI GRASSROOTS MOBILIZATION? Not foreseeable at present

This is already covered through Farm Bureau, NTC and others.

COMPANY RESOURCES?

Yes

February

Grassroots effort potentially necessary. Will depend on seriousness of threat and need for additional contact with entire house and senate.

PUBLIC AFFAIRS/MEDIA RESOURCES? Not a foreseeable need**ADDITIONAL NEEDS?**

Possible, not probable, need for supplemental legislative consultant.