

LOBBY WATCH



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Expectorating an Exemption:

May 11, 2006

Mouth Cancer Trumps Lung Cancer In Lobby

Fast-Growth Chaw Lobby Hawks Tax On Smoke, Not Spit

The smokeless tobacco industry quietly but dramatically increased its lobby spending in first quarter 2006 as proposals to increase tobacco taxes smoldered in Austin. This allowed Big Chew to surpass the once-omnipotent cigarette lobby, which has cut its lobby spending one-third this year.

Preliminary Texas lobby data suggest that smokeless and cigar interests are fighting hard for exemptions, which the cigarette industry no longer may be able to defeat through raw lobby power. Yet the Marlboro Man and Joe Camel have perfected other tricks—including the Big Lie. Capitol insiders say Big Tobacco lobbyists are now telling Texas lawmakers that a major cigarette tax would prompt smokers to switch to crack!

Lobby Watch has received calls for updated data since [last week's issue](#) analyzed tobacco lobby data filed by New Year's 2006.

The updated data show that the tobacco industry as a whole increased its lobby spending 4 percent in the first quarter of this year. Yet this obscures the fact that smokeless tobacco and cigar interests greatly expanded their lobby expenditures in this period—even as cigarette interests cut back on lobby spending.

So far this year chewing tobacco interests led by U.S. Smokeless Tobacco Co. (UST) increased their spending 88 percent to pay 37 lobbyists up to \$1.3 million. Cigar interests, which the House exempted from its tobacco-tax bill, increased spending 43 percent, spending up to \$500,000 on five lobbyists.

Meanwhile brand-name cigarette makers slashed their Texas lobby spending 38 percent (to a maximum of \$845,000) and discount cigarette companies cut spending 25 percent (to a maximum of \$500,000).

Texas Tobacco Lobby Contracts By Tobacco Type, January-May 2006

Tobacco Product	Max. Value of Contracts Jan. 2006	Max. Value of Contracts May 2006	% Change In Value, Jan.-May	No. of Contracts Jan. 2006	No. of Contracts May 2006
Brand cigarettes	\$1,355,000	\$845,000	-38%	21	16
Smokeless	\$680,000	\$1,275,000	+88%	20	37
Discount cigarettes	\$500,000	\$375,000	-25%	7	6
Cigars	\$350,000	\$500,000	+43%	4	5
TOTALS:	\$2,885,000	\$2,995,000	+4%	52	64

Texas Tobacco Lobby Contracts, May 2006

Tobacco Interest	Min. Value	Max. Value	% Change	No. of	No. of
	of Contracts May 2006	of Contracts May 2006	In Max. Value, Jan.-May '06	Contracts May 2006	Contracts Jan. 2006
UST Public Affairs ^S	\$485,000	\$1,060,000	+106%	28	13
Philip Morris USA ^B	\$280,000	\$595,000	-30%	11	15
Swisher International ^Z	\$225,000	\$400,000	+60%	4	3
Commonwealth Brands ^D	\$110,000	\$225,000	0%	3	3
R.J. Reynolds ^B	\$95,000	\$200,000	-33%	4	4
Star Scientific ^D	\$70,000	\$150,000	-45%	3	4
North Atlantic Trading ^S	\$60,000	\$125,000	0%	3	3
Cigar Assn. of America ^Z	\$50,000	\$100,000	0%	1	1
Lorillard Tobacco ^B	\$25,000	\$50,000	-75%	1	2
Swedish Match ^S	\$10,000	\$45,000	+125%	3	2
Conwood Co. ^S	\$10,000	\$45,000	+125%	3	2
TOTALS:	\$1,420,000	\$2,995,000	+4%	64	52

Key: B = Brand-Name Cigs; D = Discount Cigs; S = Smokeless; Z = Cigars.

Texas Tobacco Lobby Spending, 1995-2005

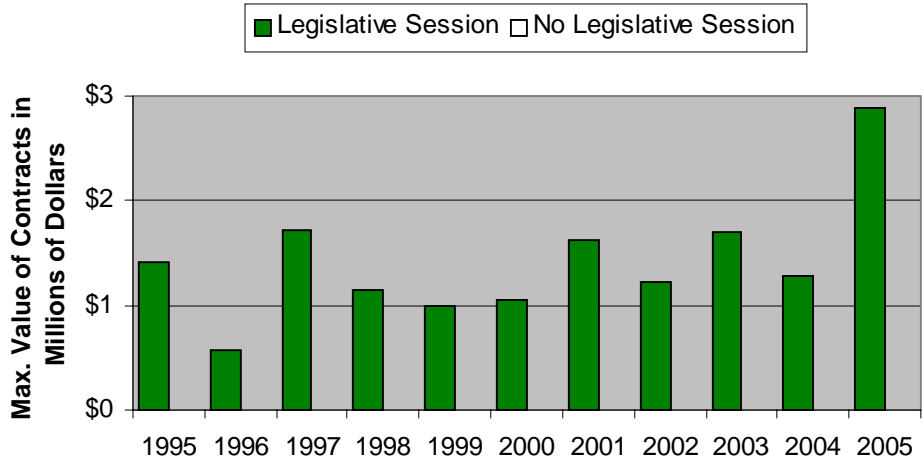
Texas' tobacco lobby has expanded greatly over the past decade, ballooning from expenditures of up to \$1.4 million on 28 lobbyists in 1995 to up to \$2.9 million on 52 lobby contracts in 2005. Cigarette giant Philip Morris outspent smokeless tobacco king UST every year during this period except 2001.

As the *Texas Observer* reported at the time, that is when then-Comptroller Carole Keeton Rylander unsuccessfully promoted a UST-backed bill that would have taxed smokeless tobacco by weight rather than price. This would have boosted UST profits (it sells the premium products hardest hit by price-based taxes).

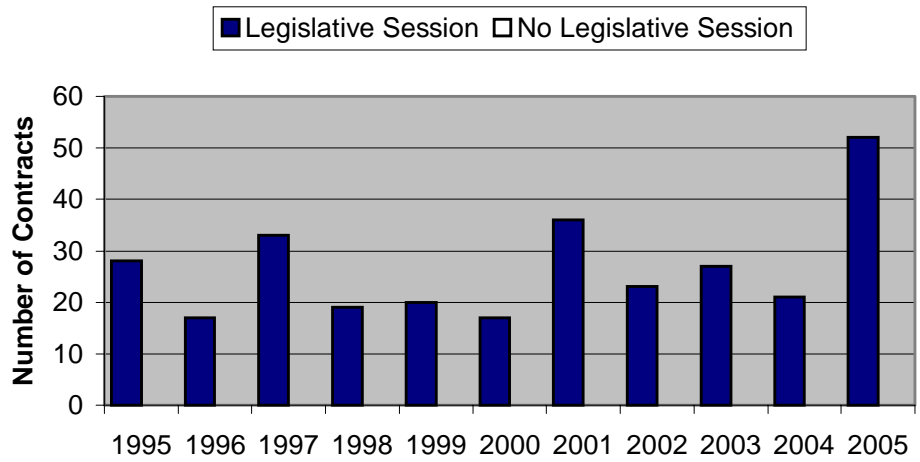
Year	Max. Value Of Contracts	Min. Value Of Contracts	No. of Contracts
1995	\$1,405,000	\$635,000	28
1996	\$580,000	\$240,000	17
1997	\$1,715,000	\$885,000	33
1998	\$1,155,000	\$550,000	19
1999	\$995,000	\$470,000	20
2000	\$1,055,000	\$550,000	17
2001	\$1,620,001	\$855,000	36
2002	\$1,225,000	\$585,000	23
2003	\$1,695,000	\$875,000	27
2004	\$1,275,000	\$655,000	21
2005	\$2,885,000	\$1,445,000	52
TOTAL:	\$15,605,001	\$7,745,000	293

Bold = Regular legislative year.

Tobacco Lobby Contracts 1995-2005



Number of Tobacco Lobby Contracts 1995-2005



Last week's *Lobby Watch* listed the 52 tobacco lobbyists registered at the first of this year. Since then, cigarette interests have reported a net reduction in lobby contracts while smokeless tobacco interests have

beefed up their lobby muscle. This has introduced 23 new faces into the tobacco lobby in recent months. Most of them are pushing smokeless tobacco.

Recent Additions To the 2006 Texas Tobacco Lobby

Tobacco Lobbyist	Max. Value Of Contracts	Min. Value Of Contracts	Tobacco Client(s)
Walter Fisher	\$150,000	\$100,000	Swisher
Sabrina Thomas Brown	\$100,000	\$50,000	UST
Monte Williams	\$100,000	\$50,000	UST
Louis A. Bacarisse	\$50,000	\$20,000	Conwood/Swedish Match
J.E. Buster Brown	\$50,000	\$25,000	UST
R. Bruce LaBoon	\$50,000	\$25,000	UST
Yuniedth Midence	\$50,000	\$25,000	UST
Mark Miner	\$50,000	\$25,000	UST
Marc A. Rodriguez	\$50,000	\$25,000	UST
Patricia A. Shipton	\$50,000	\$25,000	Swisher
Lee A. Woods	\$50,000	\$25,000	UST
Toni L. Barcellona	\$25,000	\$10,000	UST
Monty G. Humble	\$25,000	\$10,000	R.J. Reynolds
Mark Malone	\$25,000	\$10,000	UST
N. J. Robnett	\$25,000	\$10,000	UST
Robert L. Shepherd	\$25,000	\$10,000	UST
Christopher Shields	\$25,000	\$10,000	UST
Bill Stinson	\$25,000	\$10,000	UST
Robert Eric Donaldson	\$10,000	\$0	UST
Mike French	\$10,000	\$0	UST
Wade C. Long	\$10,000	\$0	UST
Mark Malone	\$10,000	\$0	UST
Susan Baumbach Ross	\$10,000	\$0	UST