

DAILY NEWS CLIPS

April 25, 2012

WASH. AG ASKED FOR OPINION ON ROLL-YOUR-OWN CIGARETTE TAX

By Jessica M. Karmasek

Legal Newsline

April 24, 2012

A Washington State lawmaker is asking Attorney General Rob McKenna for an informal opinion on a bill that would tax cigarettes from roll-your-own machines.

State Sen. Pam Roach, an Auburn Republican, wants to know if the measure, which would tax the roll-your-own smokes the same as retail cigarettes, is considered a tax increase for residents.

According to The Bellingham Herald, Roach submitted her request to McKenna's office Monday.

"Regardless of the merits of this tax increase (I voted against it), it is important that the Legislature be honest about the bills that it passes (they weren't in this case) and follow the rules the voters require (the Legislature didn't in this case)," she wrote in her email request, the newspaper reported.

"I am very concerned that this violation of I-1053 (I was one of the initiative's co-sponsors) will only spur further I-1053 violations."

Initiative 1053 was passed by state voters in 2010, requiring a two-thirds vote by lawmakers to raise taxes.

However, lawmakers passed the roll-your-own measure, House Bill 2565, with a simple majority of the Senate during a special session, held April 11.

Lt. Gov. Brad Owen said a supermajority was not necessary because the bill is not a new tax -- simply an existing tax to a new technology, the Herald reported.

But owners of the roll-your-own shops argue that the tax will put them out of business.

"Who would roll smokes if you can buy them already packaged at the same price?" Chuck Bertrand, who owns Payless Smokes and another roll-your-own store in Fife, Wash., told The News Tribune earlier this month.

Roll-your-own cigarettes are becoming a hot topic among state attorneys general.

Last month, New York Attorney General Eric Schneiderman announced a federal lawsuit against Tobacco House C.C.W. Inc. for allegedly evading cigarette taxes by providing customers with materials and equipment for roll-your-own cigarettes.

In West Virginia last year, the state Department of Administration alerted Attorney General Darrell McGraw to what it called an "apparently new phenomena" of roll-your-own cigarette machines in tobacco stores in the state.

The department, in a letter to McGraw's office dated June 24, 2011, said in these stores a customer can purchase bulk tobacco and rolling papers, and place them into a hand-cranked machine that takes the raw materials and turns them into cigarettes.

"Purchasing cigarettes in this manner allows the customer to circumvent state cigarette tax," Administration Secretary Robert Ferguson wrote at the time.

Originally published here : <http://www.legalnewsline.com/news/235927-wash.-ag-asked-for-opinion-on-roll-your-own-cigarette-tax>

EYMAN SAYS ROLL-YOUR-OWN CIGARETTE TAX PASSED IN BAD FAITH, PLANS NO ACTION (KIND OF)

By Matt Driscoll
Seattle Weekly –Political Blog
April 24, 2012

Yesterday The News Tribune reported that Washington State Sen. Pam Roach sent an email to the state attorney general's office seeking an informal opinion on whether the roll-your-own cigarette tax included in Washington's new budget qualifies as a "new tax." As you'll no doubt recall, under Tim Eyman's I-1053, any new tax passed by the state legislature requires a two-thirds majority vote.

Lawmakers in Olympia got around that hurdle by saying the roll-your-own cigarette tax is simply clarification to a preexisting tax - an assessment Lt. Governor Brad Owen agreed with. Those in favor of the tax say it just closes a loophole in the state's tobacco tax, which currently brings in 15 cents per cigarette sold.

The roll-your-own cigarette tax is expected to bring in \$12 million this coming year, helping to fill the state's reported \$1 billion budget gap. Roach's note to the state attorney general's office expresses concern that the roll-your-own cigarette tax is a violation of I-1053, and that the move will inspire future violations of the voter-approved initiative.

Tim Eyman says the roll-your-own cigarette tax was passed in bad faith by the legislature and is a violation of I-1053. He says the tax, which he definitely classifies as "new," will foster further challenges to the initiative.

At this point Eyman says he has no plans to take action, except for (it seems) providing biting quotes when prodded by Seattle Weekly.

"The only action we're taking is pointing out how sneaky and underhanded the legislature is," says Eyman. "It provides the 1000th example why this year's Initiative 1185 is necessary."

Originally published here: http://blogs.seattleweekly.com/dailyweekly/2012/04/eyman_says_roll-your-own_cigar.php

BIZARRE "BUILD A BUTT" CIG DEFENSE

By Bruce Golding
New York Post
April 25, 2012

Smokey the Bear would be horrified.

The owners of two stores under fire for their "roll-your-own" cigarette machines insist they're not peddling bootleg smokes — they're just a grown-up version of the Build-A-Bear Workshop.

BB's Corner and Nitecap Entertainment claim in court papers that they offer smokers the "novelty" of choosing "their own blend of tobacco," the same way Build-A-Bear lets kids "choose the parts of the bear and participate in the manufacturing."

But while giddy tykes leave Build-a-Bear with their own customized "furry friend," smokers who shop at BB's and Nitecap — which doubles as a porn and sex-aid store — shuffle off with cartons of cut-rate cigs.

City and state authorities are suing BB's, in Brooklyn, and Nitecap, on Staten Island, to shut down their "roll-your-own" machines on grounds that they let customers evade New York's highest-in-the nation cigarette taxes — \$58 per carton.

BB's and Nitecap's Manhattan federal-court filing insists that they "lawfully sell loose tobacco" — on which all applicable taxes have been paid — "and lawfully provide access to rolling machines."

City lawyer Eric Proshansky responded, "We have succeeded in closing every 'roll-your-own' shop we've encountered."

Originally published here:

http://www.nypost.com/p/news/local/build_butt_defense_4eBPTY76PGhkO8N3cO9oHL

MASS PRODUCING CIGARETTES MAKES SOME STORES MANUFACTURERS

Letter to the Editor by Doug Campbell
Lansing State Journal
April 24, 2012

As owner and operator of a tobacco shop in East Lansing, I am disappointed that some stores here in Michigan and across the country are cheating the system by installing industrial roll-your-own cigarette manufacturing machines.

These machines allow customers to mass-produce cigarettes made from pipe tobacco. We're talking about manufacturing 200 cigarettes in just a few minutes. That's a whole carton of cigarettes that are produced in the store, are not compliant with health and safety labeling regulations or fire codes and sell at unfairly low rates by exploiting tax loopholes.

There's a bill in Congress — H.R. 4134 — that solves this problem and closes tax and regulatory loopholes by classifying these stores as the cigarette manufacturers they are. We need Michigan's representatives to get behind this bill in the name of fair competition.

Originally published here:

<http://www.lansingstatejournal.com/article/20120425/OPINION02/304250016/Mass-producing-cigarettes-makes-some-stores-manufacturers?odyssey=mod|newswell|text|Opinions|s>

LETTER: CONGRESS NEEDS TO CLOSE LOOPHOLE AND EVEN TOBACCO-PRODUCING PLAYING FIELD

Letter to the Editor by Kevin Fitzgerald
MLive (MI)
April 24, 2012

In 1995 my wife, Sharon, and I opened The Tobacco Shoppe of Midland. Things have changed in the business over the years, but one thing is for sure: We have always followed the rules.

Recently, stores with roll-your-own cigarette manufacturing machines have been bypassing the appropriate federal and state taxes and laws through a loophole in our tax code. By ducking taxes, these stores are able to produce cigarettes at alarmingly high rates and sell for artificially low prices. Not only does this jeopardize our ability to keep business, it also has an effect on our employees and community.

Sadly, this is the story coast to coast of numerous traditional retailers similar to us. The good news is that there is a common sense solution. House Resolution 4134 will close this loophole and create a level playing field. Congress needs to pass H.R. 4134 to ensure a fair and open marketplace.

Originally published here:

http://www.mlive.com/opinion/saginaw/index.ssf/2012/04/letter_kevin_fitzgerald.html

REYNOLDS AMERICAN 1Q PROFIT FALLS ON CHARGES

Bloomberg Businessweek

By Michael Felberbaum

April 24, 2012

Cigarette maker Reynolds American Inc. said Tuesday that its first-quarter profit fell 29 percent as restructuring charges and a decline in cigarettes sold more than offset the effect of higher prices and productivity improvements.

The nation's second-biggest tobacco company reported net income of \$270 million, or 47 cents per share, for the three-month period ended March 31, down from \$381 million, or 65 cents per share, a year ago.

The maker of Camel, Pall Mall and Natural American Spirit brand cigarettes said that adjusted for restructuring charges of \$149 million related to a broad business analysis, it earned 63 cents per share. In the year-ago period, the company benefited from the sale of its Lane Ltd. subsidiary for \$205 million in cash to Scandinavian Tobacco Group. Lane, based in Tucker, Ga., makes Kite and Bugler roll-your-own tobacco and Captain Black pipe tobacco.

Still, its adjusted earnings for the latest period were short of the 65 cents per share expected by analysts surveyed by FactSet.

Revenue excluding excise taxes fell 3 percent to \$1.93 billion from \$1.99 billion a year ago. Analysts expected revenue of \$1.98 billion.

Its shares fell \$1.22, or 2.9 percent, to \$40.50 in morning trading. Its shares had been trading near the upper end of their 52-week range of \$31.82 to \$42.81.

"Clearly the year got off to a tough start," CEO Daniel M. Delen said in a conference call with investors. "But when you look below the surface, we actually did quite well in navigating the challenges."

The Winston-Salem, N.C., company said heavy promotional activity by its competitors drove its cigarette volumes down about 6 percent to 16.3 billion cigarettes, compared with an estimated total industry volume decline of 4 percent.

Its R.J. Reynolds Tobacco subsidiary sold 4.4 percent more of its Camel brand, but volumes of Pall Mall fell 5 percent. Camel's market share grew slightly to 8.4 percent of the U.S. market, while Pall Mall's market share remained stable at 8.5 percent.

The company has promoted Pall Mall as a longer-lasting and more affordable cigarette as smokers weather the weak economy and high unemployment, and has said half the people who try the brand continue using it. But Delen said the promotions on value-priced brands in the first quarter was "very aggressive" as companies focus on less expensive brands, hurting Pall Mall's momentum.

In a client note, Citi Investment Research's Vivien Azer called the Camel gains "particularly encouraging," and Pall Mall's weakness "expected."

Reynolds American and other tobacco companies are also focusing on cigarette alternatives such as snuff and chewing tobacco for future sales growth as tax hikes, smoking bans, health concerns and social stigma make the cigarette business tougher.

Volume for its smokeless tobacco brands that include Grizzly and Kodiak rose nearly 8 percent compared with a year ago. Its share of the U.S. retail market grew 1.9 percentage points to 32.2 percent.

Reynolds American also reiterated its full-year adjusted earnings forecast in the range of \$2.91 and \$3.01 per share. Analysts expect \$2.97 per share for the year.

Lorillard Inc., the nation's No. 3 cigarette maker, is set to report its results Wednesday, and Altria Group Inc., owner of the nation's largest tobacco company, Marlboro maker Philip Morris USA, is set to report Thursday

Originally published here: <http://www.businessweek.com/ap/2012-04/D9UBBPAG1.htm>

QUINN DEFENDS PROPOSAL TO RAISE CIGARETTE TAXES FOR HEALTH CARE

Chicago Tribune

By Monique Garcia

April 24, 2012

Democratic Gov. Pat Quinn today defended his call to raise cigarette taxes as part of an effort to restructure the state's health care program for the poor, saying the \$1-a-pack increase will prevent the need for deeper cuts that could harm hospitals or spill over into other areas of spending, including education.

Quinn proposed the tax increase last week as part of a Medicaid reform plan that also calls for \$2 billion in cuts, such as eliminating a discount prescription program for seniors, kicking thousands of people off the insurance rolls and slashing reimbursement rates to doctors and hospitals that provide care.

Without the \$700 million the cigarette tax hike is expected to generate, Quinn said reimbursement rates would have to be cut further than he initially proposed. Otherwise, the governor said he'd be forced to look at cuts in other areas, such as education spending.

"That's the real difficulty," Quinn said Tuesday. "We have in our plan, 75 percent of it is cuts, reductions, efficiencies. I think that that's about the limit given the circumstances. But we if don't succeed in the area of raising the price of cigarettes, then there will be pressure on cutting reimbursements or, perish the thought, trying to reduce education. I think that would be a very bad way to go."

The governor said lawmakers in the House must follow their counterparts in the Senate, who have twice recently voted for a cigarette tax increase.

Quinn's comments came following an appearance in Humboldt Park, where he attended the groundbreaking for an expansion of Erie Elementary Charter School. The state provided \$12 million in funding for the construction project, which will allow the school to build a gym and expand classroom space in order to serve 400 more students from low-income families.

Quinn's plan calls for reimbursement rates for doctors, pharmacies and hospitals that treat Medicaid patients be cut by \$675 million. That amounts to a roughly 8 percent cut for health care providers, many of which are waiting as long as six months to be paid by the state for services they've already provided. Hospitals, particularly those in poor or underserved communities, are already warning that such cuts could force their doors to close. Deeper cuts would exacerbate the situation.

Also today, the governor also stood by his call for schools, community colleges and universities to pick up more of the tab for their workers' retirement costs, saying the state can no longer pay for the bulk of those retirement benefits. The proposal is part of his effort to reform the state's employee pension system, which also calls for workers to pay more for benefits and retire later.

On Monday, Senate Republican Leader Christine Radogno of Lemont suggested the funding shift to schools be separate from larger pension negotiations. Republican leaders say the idea could lead to a spike in local property taxes as schools try to cover the added costs, and fear the proposal could derail reform efforts this year.

Quinn said he's willing to take some time to reach an agreement on the idea, but said Tuesday that it must happen sooner rather than later. Lawmakers are scheduled to wrap up their spring session on May 31.

"We want to make sure that we have funding for these children and their education," Quinn said. "So we must reform our Medicaid and our pension systems in Illinois so we don't have such a squeeze on our educating funding. So that's why the next six weeks is so critical."

Quinn aides have said the savings that state government would realize from shifting retirement costs back onto school districts is not required for the governor to hit his goal of wiping out the \$83 billion pension system debt.

That would make such an idea easier to jettison if there's too much push-back from lawmakers. The governor's idea puts legislators into a tricky situation: Most know they need to be able to tell voters they supported pension reform, but they also don't want the heat that could come from being blamed for a major property tax increase back home.

Originally published here: <http://www.chicagotribune.com/news/local/breaking/chi-quinn-defends-proposal-to-raise-cigarette-taxes-for-health-care-20120424,0,1649149.story>

MEDICAID SMOKEOUT

Editorial by Chicago Tribune

April 25, 2012

No tobacco tax, GOP? Propose an alternative.

Gov. Pat Quinn's plan to scale back the state's ailing Medicaid program is running into Republican resistance, primarily because Quinn's mix includes a \$1-a-pack cigarette tax hike.

"We're looking for money rather than looking at the spending side, and it's that default position that has gotten us exactly into the mess we're in," Republican Senate Minority Leader Christine Radogno told a City Club of Chicago audience Monday.

Fair enough. We've pushed as hard as anyone for Illinois to curb its vicious spending habit, which has left the state billions of dollars in debt and incapable of paying its bills.

But we strongly encourage Republicans to be flexible here, lest we lose the momentum for Medicaid reform (as well as pension reform). If these changes are going to happen, they're going to be done in a bipartisan fashion. They're going to need Republican votes. Quinn has proposed substantial cuts in spending on Medicaid, and he's going to run into some Democratic resistance on that.

Quinn's plan also relies on \$675 million in revenue, half coming from the tobacco tax increase and half in a match from the federal government. If Republicans want to negotiate that revenue away, they need to be specific on exactly where they want deeper cuts in Medicaid to make up the difference. They haven't spelled out those cuts yet. They're waiting on the recommendations of a bipartisan legislative panel set up by the governor to recommend how to reduce Medicaid spending.

Quinn has recommended a long list of program cuts. Thousands of Medicaid patients would lose services. Hospitals, nursing homes and other health care providers would take a \$675 million cut, equal to about 8 percent of what they're paid by the state.

Can the bipartisan panel find more? No doubt. Medicaid eligibility has taken a huge jump in Illinois in recent years.

The key here will be an honest negotiation between Republicans and Democrats on a plan that will trim spending and retain essential health services for the poor and keep health care providers in business.

There's a good argument for using a tobacco tax to preserve essential services and promote general health — in conjunction with steep spending cuts.

The American Cancer Society estimates that a \$1-per-pack tax increase would compel some 53,400 adults to quit smoking and dissuade 72,700 children from starting. Yes, those may be rosy scenarios. But here's a firmer estimate: Tobacco use cost Illinois \$1.5 billion in Medicaid spending last year, according to the cancer society. If fewer people smoke, the state will see direct savings in Medicaid.

The state's 98-cent-a-pack cigarette tax currently ranks Illinois 32nd-highest among the states.

Illinois has a crisis: an expected \$1.9 billion in unpaid Medicaid bills on hand by June 30, the end of fiscal 2012. Without a fix, that backlog will surge to \$21 billion in five years. Providers wait about four months now to get paid; that delay could stretch to a full year. That puts a huge financial burden on the providers. Longer delays and steeper reimbursement rates could push more of them to stop treating Medicaid patients.

We credit Quinn for stepping up here, taking the political risk of proposing Medicaid and pension reform. His plan isn't the last word, but it does set a solid framework.

This reform can't wait. If Republicans have better ideas, bring 'em on soon. And negotiate in good faith.

Originally published here: <http://www.chicagotribune.com/news/opinion/editorials/ct-edit-medicaid-20120425,0,1593671.story>

A TAX HIKE IS NOT A SPENDING CUT

Americans for Tax Reform
Chicago Tribune
April 25, 2012

The Illinois Policy Institute sheds light on Illinois Gov. Pat Quinn's tobacco tax hike scheme.

The Illinois Policy Institute has produced some excellent analysis of Governor Pat Quinn's budget gimmick and the Illinois House budget resolution containing a massive \$350 million tobacco tax hike, noting: "A tax hike is not a spending cut."

Below is the Illinois Policy Institute's open letter to the Illinois General Assembly opposing the tobacco tax increase:

Dear Legislator:

Both Gov. Quinn's budget proposal and the House budget resolution called for a \$2.7 billion reduction in Medicaid liabilities. Similarly, the governor and the General Assembly have committed to reducing the tax burden for working families.

Yet Gov. Quinn's recently released Medicaid plan does not meet either goal. The governor identified only \$2 billion in Medicaid spending reductions, the bulk of which is steep provider cuts. Unbelievably, he then called for additional tax hikes to raise \$700 million in new revenue (\$350 million from a tobacco tax hike and a \$350 million federal "match" to be added to the national debt). This is without a doubt a tax hike on Illinois' working class – the average smoker's household income is under \$36,000 a year.

A tax hike is not a reduction in accrued obligations. It is not reform. It is more taxing and more spending, plain and simple.

Members of the General Assembly who reject the harmful "tax and spend" habits of the past have good reason to reject this plan. Falling short on spending reforms while hiking taxes on Illinois' poor and disadvantaged is not a winning combination.

A budget framework that rests upon this toxic combination should be put aside in favor of a plan that finally treats taxpayers with the respect they deserve.

Sincerely,

Kristina Rasmussen
Executive Vice President

In addition to their open letter, the Illinois Policy Institute released two pages of analysis on the proposed tobacco tax increase:

In February, Gov. Quinn told lawmakers that in order to rescue Illinois' Medicaid program, the state would need to "reduce expenditures in the program by \$2.7 billion" for fiscal year 2013. But the plan he released in April does not reduce expenditures by \$2.7 billion as promised.

Instead, his proposal reduces Medicaid spending by only \$2 billion, the bulk of which comes from cuts to reimbursement rates for doctors and hospitals who serve Medicaid patients. In order to fill the gap between his plan and his target, he proposed hiking taxes on cigarettes to raise nearly \$700 million in new revenues. Worse yet, these taxes are aimed primarily at the lower and working classes, with the average smoker's household income falling below \$36,000 per year.

[The full report can be read here.](#)

[Click here to find your Illinois legislator](#) and tell them that tax hikes are not spending cuts and to oppose any increase in the state's tobacco taxes.

Originally published here: <http://atr.org/tax-hike-spending-cut-a6860>

S.J. DOC'S TV SPOT SPARKS BACKLASH: TOBACCO-FUNDED AD FEATURES LOCAL PHYSICIAN

By Joe Goldeen
Record Net –San Joaquin (CA)
April 25, 2012

Backers of a proposition on the June 5 ballot that would add a \$1 tax on the price of a pack of cigarettes are incensed that a physician is acting as the spokesperson for the tobacco interests fighting the initiative.

Tuesday, Proposition 29 supporters staged a peaceful demonstration outside San Joaquin General Hospital, where the physician is employed.

Dr. La Donna Porter joined the faculty of the county-operated public hospital's Family Practice Residency program more than a year ago, teaching new physicians during a critical stage in their education. Hers is the face and voice broadcast statewide on television and radio commercials opening with the following lines:

"I'm against smoking, so I thought Proposition 29 was a good idea. Then I read it. It raises \$735 million in tobacco taxes, but not one penny goes to new funding for cancer treatment."

Proposition 29 supporters, including volunteers with the American Cancer Society, American Lung Association and American Heart Association, staged the demonstration to disavow what Porter said, to bring attention to the need for more research funding and to put pressure on Porter to recant.

"Would you listen to a doctor in commercials paid for by Big Tobacco?," one of their fliers states.

"La Donna Porter does not speak for the California medical community, she speaks for Big Tobacco. La Donna Porter is helping a tobacco industry that has killed more than 100 million people worldwide."

In fact, the executive board of the California Medical Association, representing more than 35,000 physicians, unanimously endorsed Proposition 29, saying on fliers that they take seriously their primary responsibility to "prevent disease wherever they can."

Porter, who is listed on the ballot statement as the former president of the Golden State Medical Association, was unavailable for comment Tuesday. However, she issued a prepared statement through the publicist handling the No on 29 campaign:

"The remarks I made against Proposition 29 speak for themselves: the measure includes no new funding for cancer treatment, lacks real accountability and allows California tax dollars to be spent outside the state."

That publicist, Beth Miller, president and CEO of Miller Public Affairs Group of Sacramento, represents Californians Against Out-of-Control Taxes and Spending that gets major funding from Philip Morris USA and R.J. Reynolds Tobacco Co, as well as a number of anti-tax advocacy groups. Miller went on to say that Porter clearly explained her reasons for opposing Proposition 29 in the TV and radio spots, available online at noon29.com.

Carol McGruger of San Francisco, co-chairwoman of the African American Tobacco Control Leadership Council based in Oakland, spoke at Tuesday's demonstration.

"For an African American physician to take this stance is just criminal," said McGruder, noting that as a black woman, she was "shocked and angered" when she first saw Porter's ads. She issued an open invitation to Porter to debate her on the radio or another public forum.

"We would like her to talk with us and get her educated on this position, because she couldn't be educated and take this position. We think we have something to tell her," McGruder said.

"We will keep the pressure up on her and other African-Americans who support Big Tobacco's cause. ... And she (Porter) is a trainer. That's even worse, because she is influencing the physicians coming down the pipeline," McGruder said.

Hospital CEO David Culberson said San Joaquin General as a matter of policy does not take a stand on ballot measures. As for Porter's public statements, he said, "She is making her opinions known as an individual."

Indications are that Porter was not paid for her work in the commercials.

Among blacks in San Joaquin County, lung cancer afflicts 82 people per 100,000 population, well above the state rate of 67 per 100,000, according to the latest figures from the California Cancer Registry.

Theresa Gutierrez, 44, of Stockton was taking a smoke break during a visit to San Joaquin General on Tuesday morning and knew nothing of the demonstration. When informed that a physician working at the hospital was acting as the spokeswoman in tobacco-sponsored political ads, she said:

"That's not right. ... I think doctors should help people stop smoking ... I would love to stop smoking."

She was unaware that as of Jan. 1 this year, San Joaquin General's entire campus was declared "Smoke Free Tobacco Free."

Originally published here: http://www.recordnet.com/apps/pbcs.dll/article?AID=/20120425/A_NEWS/204250322

PROP. 29 WILL SHORTCHANGE EDUCATION IN CALIFORNIA

Opinion by Tom Bogetich
San Francisco Chronicle
April 25, 2012

California's ability to thrive in the future depends on our ability to provide our kids a first-rate education today. We so recognize education's importance that in 1988, we passed Proposition 98, a constitutional amendment guaranteeing schools a percentage of state funding.

Unfortunately, California's budget - and schools - are in dire straits. Not only has school funding been cut \$20 billion over the past four years, but Gov. Jerry Brown is proposing an additional \$4.8 billion cut to K-12 education spending this year.

You would think that any measure raising new tax revenue would put at least some funding toward our struggling schools. You'd be wrong.

Proposition 29, a \$735 million tax increase on the June 5 ballot, doesn't put a dime toward education.

This initiative, written by career politician Don Perata, circumvents Prop. 98's protections, shortchanging schools \$300 million-plus annually. Instead of paying for existing programs or fixing our budget deficit, Prop. 29 creates a new state commission filled with political appointees who can spend \$110 million yearly on office space and facilities, plus an additional \$15 million on consultants, salaries and travel. Prop. 29 allows our tax dollars to be spent out of state, meaning taxpayers would be paying to create jobs in other states and countries.

If this kind of ballot-box bureaucracy sounds familiar, it's because Californians have a history with well-intentioned but flawed initiatives that have cost the state dearly:

-- Prop. 10, passed in 1998 - Audits have shown several First Five commissions to be overstaffed, mismanaged and wasting money on items such as giant fish statues, while doling out contracts to groups that employ its own board members.

-- Prop. 71, passed in 2004 - The California Institute for Regenerative Medicine promised voters groundbreaking stem-cell research. To date, it has grossly overpaid employees and given out \$930 million to institutions directly connected to its board.

-- Prop. 1A, passed in 2008 - The High-Speed Rail Authority has burned through hundreds of millions of dollars but is years away from laying a single track. Recent polling shows most voters would stop the project if given the chance.

Prop. 29 ignores these ballot-box errors and asks voters to do it again. We all agree cancer research and tobacco prevention - the measure's stated goals - are important. That's why the federal government spends \$6 billion annually on cancer research and California funds \$70 million of antitobacco programs every year.

But given our tough fiscal straits, we should be streamlining expenditures, not duplicating them.

When you look at the fine print, it's clear Prop. 29 lacks accountability, oversight and strict controls to ensure our money is spent wisely. This measure directs money away from our schools. That's something Californians should be able to say no to very easily.

Originally published here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2012/04/24/ED8C108BBH.DTL#ixzz1t3s1t500>

NOW IS THE TIME FOR PROP. 29

Opinion by David F. Veneziano

San Francisco Chronicle

April 25, 2012

Of course you support cancer research. Of course you know that smoking is the leading preventable cause of death in California.

That's why you need to support Proposition 29, the initiative on the June ballot that will charge those who buy cigarettes an extra buck a pack. You know the California Legislature doesn't have the guts to do it. In the past decade, 47 other states have increased this lifesaving tax - but not California. Its pioneering tobacco tax of 87 cents a pack ranks 33rd.

On June 5 - or earlier if you vote by mail - you'll have a chance to cast a vote that might save a life. Prop. 29 certainly will have an immediate effect on the health of hundreds of thousands of Californians. How? We know that every time we raise the cost of tobacco products, thousands of people quit. We also know that increasing the price is the single most effective way to prevent teenagers from taking up the deadly habit.

The revenues raised will be used to fund lifesaving research, which might lead to cures. Everyone is in favor of finding cures for cancer, right? No.

Philip Morris and RJ Reynolds have started their media blitz against Prop. 29. Soon you won't be able to turn on your television or tune into your favorite radio show, or even go to your mailbox, without hearing claims by Big Tobacco.

First they sent the taxpayers association - forgetting to tell us that the California Taxpayers Association has a history of accepting money from Big Tobacco.

Then they used a doctor in their television spot. She's the same doctor who opposed the last tobacco tax. This time she says "she started out as a supporter" of the initiative. Really? We seriously doubt that, given her past role as a spokeswoman for Big Tobacco.

And now Big Tobacco is trying to confuse voters with spurious charges of "out of state" spending, concerns about schools and teachers and the argument that none of this money will go for treatment. The fact is, the only way to deliver new treatments from the labs to the doctor's office is through sustained funding of cancer research.

Don't be fooled by Big Tobacco's smoke screen: Prop. 29 won't hurt schools - in fact, state Superintendent of Public Instruction Tom Torlakson and the state Parent-Teacher Association support Prop. 29 because they know it will keep kids from smoking.

Prop. 29 isn't about creating bureaucracies, or employing politicians. It's not even about a tax on all Californians. It's about life, and if you don't smoke, you don't pay.

Big Tobacco knows that if 29 passes, more people will quit smoking and Big Tobacco's profits will plummet.

You know whom to trust here: Prop 29 was written by the American Cancer Society, the American Heart Association and the American Lung Association. It's opposed by Big Tobacco ... enough said!

Originally published here: <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2012/04/24/ED8C1O8BOB.DTL#ixzz1t3sm1b6q>

CRITICAL REASONS FOR RETAILERS, WHOLESALERS & MANUFACTURERS TO JOIN NATO

By Thomas A. Briant
CSP News –Online
April 24, 2012

There are compelling reasons for tobacco stores, convenience stores, service stations, liquor stores, grocery stores, wholesalers and manufacturers that sell tobacco products to join NATO. These compelling reasons to have your company consider joining NATO in 2012 are as follows:

Reason No. 1: NATO is the premier retail tobacco trade association that works exclusively on tobacco issues and informs and advises retailers and the industry about tobacco legislation and FDA regulations. The NATO News bulletin published exclusively for NATO members is a critical source of industry news on legislative and regulatory issues.

Reason No. 2: NATO has launched a national local ordinance advocacy project to respond to proposed local restrictions and tobacco taxes in 2012. There are numerous local governments seeking to enact ordinances restricting the sale and promotion of tobacco products or adopting tobacco taxes. Many of the proposals are funded by \$245 million dollars in federal government stimulus funds. In just the past

two months, NATO has succeeded in stopping cities from banning the sale of cigars in packages of less than four cigars and posting graphic health warning posters near cash registers.

Reason No. 3: NATO is the only national retail trade association that specializes exclusively in tobacco issues on the local, state and federal levels. NATO coordinates member responses to FDA regulations, state tobacco legislation, and local tobacco regulations. NATO staff members are experts on FDA issues and provide unequaled information on current and proposed FDA regulations and rules along with explanations so that members know how to comply with regulatory requirements.

Reason No. 4: NATO sues when necessary to protect the rights of retailers, wholesalers and manufacturers including bringing lawsuits against a Worcester, Mass., tobacco advertising ban and a Providence, R.I., flavored tobacco ban. On April 2, 2012, a federal court ruled that the Worcester advertising ban is unconstitutional.

Reason No. 5: NATO acts as a clearinghouse for tobacco information. If you have a tobacco question, NATO staff will either answer that question or find the information needed to respond to your question.

Reason No. 6: NATO assists its retail and wholesale members respond to state cigarette/tobacco tax increases. In 2011, NATO's efforts helped limit tax increases to only two out of nineteen states.

Reason No. 7: NATO membership currently benefits some 23,000 tobacco stores, convenience stores, gas stations, liquor stores and grocery stores plus numerous wholesalers and manufacturers.

To join NATO, visit www.natocentral.org and click "Join NATO" for a 2012 NATO membership application. Join NATO and join the fight against tobacco legislation and regulations.

Originally published here: <http://www.cspnet.com/news/tobacco/articles/critical-reasons-retailers-wholesalers-manufacturers-join-nato>

THE TUESDAY COUNT: TWO INITIATIVES ADDED, ONE STATE INITIATIVE PROCESS FLUSTERED

Edited by Al Ortiz

Ballot News

April 24, 2012

Two states in the western part of the country have given even more of a boost to Ballotpedia's Tuesday Count. Alaska and California each had a hand in the elevation of the measure certification total, strengthening the count to 89 measures in 30 states for the year.

Starting with Alaska, a third 2012 measure was added to the state's ballot, this time via citizen initiative. The measure, a coastal management question, was not enacted by the Alaska Legislature by the end of session, sending it to the August 28 state primary election.

Even though it was categorized as a citizen initiative, the state of Alaska implements an indirect initiated state statute process. This means that if supporters collect enough signatures by their assigned deadline,

that state's legislature can review the proposal and choose to enact similar legislation. If the lawmaking body chooses not to do so, the measure is then placed in front of voters.

Supporters had previously turned in 33,500 signatures on January 17, 2012, the day of the deadline, to the Alaska Division of Elections office. Their total amount of signatures submitted was about 7,000 more than they were required to obtain.

According to reports, if enacted, the initiative would establish a new coastal management program in the state. It was submitted to the Lieutenant Governor's office during the week of October 5, 2011 by Juneau Mayor Bruce Botelho and other supporters of the initiative. Specifically, the management program that would be established would be formally called the Alaska Coastal Zone Management Program.

Alaska is the only coastal state in the country without a federal coastal management plan, according to reports. Coastal programs are established to guarantee state and local participation in federal decisions on coastal issues that could potentially surface.

Meanwhile, big developments are happening in the state of California regarding the other certification this week. Voters will chime in this November on a highly-controversial death penalty proposal, which is also being proposed through the ballot initiative process.

If approved, the initiative will end the death penalty in the state. Currently, California has 725 people on death row. If the death penalty repeal initiative is approved, their sentences will be changed to "life in prison without the possibility of parole".

These prisoners will also be required to seek jobs within the prison system, and their earnings will go to crime victims.

Supporters of the initiative submitted approximately 800,000 signatures to county election officials on March 1, 2012. Then, on April 23, 2012, the California Secretary of State announced that the initiative had qualified for the November 6, 2012 ballot.

"Show Me" the money?

Initiative news was not limited to ballot certifications this week. In Missouri, legal challenges have led to bigger implications surrounding the state initiative process. On February 28, Cole County Circuit Court Judge Jon Beetum struck down a law that directs the state auditor to prepare fiscal analysis for proposed ballot initiatives.

According to reports, Beetum stated that the law was in violation of the Missouri Constitution. Specifically, the ruling stated that the 1997 statute conflicts with a constitutional provision that prohibits laws mandating the state auditor to perform duties unrelated to overseeing the spending and receiving of public money.

What was originally a challenge to a tobacco tax initiative has now grown into a statewide confusion of the initiative process. Events in the Show Me State took another twist this past week when Missouri Auditor Tom Schweich told his staff via e-mail to cease preparation of financial estimates of initiatives, directly because of the recent court ruling.

Two initiatives currently circulating have until May 6 to turn in petition signatures to be considered for the November ballot, however an ongoing appeal of the Cole County Circuit Court ruling may not be cleared up by then. One initiative would replace the state income tax with an expanded sales tax and other would limit payday loans.

Ballot initiatives must have the official financial summary included with submitted petition signatures, making it unclear as to what will happen to those proposals for the time being.

Stay tuned for more developments on this story as developments progress. Also next week, May 1, marks the petition drive deadline for the state of Idaho.

Petition drive deadlines

Quick hits

- Petition circulation begins for Oregon Initiative 35: On April 17, the Oregon Secretary of State approved Oregon Initiative 35 for circulation, an initiated constitutional amendment which allocates the corporate income and excise tax “kicker” refund to the state’s General Fund. The measure is sponsored by Our Oregon.
- Illinois amendment targeting public pensions advances: On April 18, the State House passed the Public Pension Amendment on a vote of 113-0, thus passing it on to the Senate. The measure requires a 60% vote from the Senate to qualify for this year’s ballot.
- Montana Supreme Court rules on de-certified ballot question: On Thursday, April 12, the Montana Supreme Court upheld a March decision to strike a Supreme Court Elections Question from the ballot, therefore keeping the measure off this year’s June ballot. Senator Joe Balyeat is reportedly considering appealing the case to federal court, although it is probably too late to put the measure back on the ballot.
- Hearing date set for lawsuit against the Rhode Island Casino Gambling Amendment: The Rhode Island Superior Court has set the date to hear oral arguments in a lawsuit challenging the Rhode Island Casino Gambling Amendment for May 30. The lawsuit is being brought by the Narragansett Indian Tribe alleging that Twin River is not being held to the same legal standard as the previous efforts by the Narragansett to place a similar measure on the ballot.

Proposals with recent activity

- Arkansas Campaign and Ethics Laws Initiative (2012)
- Nevada Mining Tax Cap Amendment (2012)
- Washington Two-Thirds Vote Required to Raise Taxes, Initiative 1185 (2012)

SPOTLIGHT: Clarkston residents upset over city not funding aquatic center

In the city of Clarkston, Washington, residents are up in arms with the city council for the alleged misuse of collected funds and their unwillingness to agree to a proposed petition, reports say.

In 2007 the city council voted to opt into and receive their share of a county wide sales tax of .3 percent. The collected money was supposed to go towards operational costs of the Asotin County Family Aquatic Center, but since its collection in 2008, the money has gone instead towards the city's general needs. Residents who allege that the city did not follow through with their commitment to support the aquatic center filed a petition and collected signatures for the issue to be put to a vote.

However, the city said that for the petition to be valid it had to be filed seven days after the ordinance was passed, which was several years ago. City officials noted that unless a judge says otherwise, they will not validate the petition. The issue is expected to head to court in the near future.

The City Mayor did note that a specific taxing district would be beneficial for the center and hoped an agreement could be made between the city and upset residents.

Check back here for results from April 17, 2012's elections. One state has two casino gambling measures on the ballot this year. Which state is that? Click here to find out!

BALLOT LAW UPDATE

California Senate Leader pushes I&R changes: Senate President pro Tem Darrell Steinberg (D) is backing a series of changes to the California Constitution, modifying the ballot measure process in California. In total, Steinberg endorsed three changes to the current process. The first would allow the legislature to submit statutes to voters with a simple majority vote of each chamber—the current requirement is a two-thirds majority vote. The change would allow lawmakers to submit tax increases to voters rather than trying to secure the supermajority needed to approve budgets through the ordinary legislative process.

The second would establish an indirect initiative process, and the third would permit lawmakers to repeal initiatives after 10 years. Steinberg implied that the current initiative process constitutes a “shadow government” where outdated initiatives linger for years after their approval, restricting the state's ability to address changing priorities.

For Steinberg's proposals to take effect, they must be referred to voters by a two-thirds majority in each chamber, and then approved by a majority at the polls.

Originally published here: <http://ballotnews.org/2012/04/24/the-tuesday-count-two-initiatives-added-one-state-initiative-process-flustered/>