

## DAILY NEWS CLIPS

May 10, 2012

### **PROPOSAL TO HIKE TOBACCO TAX A CONCERN FOR LOCAL BUSINESS**

By Danny Henley

Hannibal Courier-Post (MO)

May 9, 2012

A steady stream of customers was filing through the Smoke House in Hannibal around midday one day last week. But while business is good now at the Mark Twain Avenue store, smokers and those who cater to them are concerned over the possibility of a ballot proposal that would ask voters to significantly increase the state's tobacco tax.

"Absolutely we're concerned about it affecting our business," said Feleicia Martin, store manager.

"More so our concern is toward the people that come in here that are budgeted monthly. That's going to really affect them, along with our regular customers in general."

If it makes it to the ballot, the proposal would ask voters to raise the tax to 90 cents per pack from the current 17 cents, the lowest in the nation. State taxes on other tobacco products would also rise.

A percentage of the Smoke House's customers come from Illinois to take advantage of Missouri's lower tobacco tax. Would not having such a tax bargain cut down on the flow of buyers from out of state?

"Absolutely, absolutely," said Martin. "We'll see a number drop from that, probably by a significant amount. Right now we have traffic from all over. There are definitely a lot from Illinois that come. We'll see a drop in those people."

On Friday, a coalition seeking to raise Missouri's tax on cigarettes submitted petitions with nearly 220,000 signatures to the secretary of state's office. The measure needs between 91,000 and 99,600 valid signatures from registered voters to qualify for the November ballot.

Missouri voters have twice rejected increases in the cigarette tax in the past 10 years. In an effort to have the proposed tax hike rejected again, the Smoke House staff has already begun to make their customers aware of the issue.

"We've been trying to educate them on the bill itself," said Martin. "Most of our customers weren't even aware that Missouri was attempting to try this so we've made them aware. We've printed it off the state's Web site and let them actually look at it to see what the bill states."

### ***Smoke-free ordinance***

Unlike the tax hike proposal, Martin does not foresee Hannibal's smoke-free policy impacting the shop's business.

"People are still going to smoke, they just won't go as many places. Is it affecting our business? No. We're concerned about the tax," she said.

Smoke House workers have heard a good deal from their clientele about the new city policy which was approved by voters in April.

"They're complaining obviously about the smoke-free ban. They're upset because they feel their rights are being taken away," said Martin.

*Originally published here:* <http://www.hannibal.net/topstories/x85603448/Proposal-to-hike-tobacco-tax-a-concern-for-local-business>

## **WANT A PACK OF SMOKES FOR \$1? THE TOBACCO SHOPPE HOPES TO ANSWER THE CALL**

By Al Jones  
MLive (MI)  
May 9, 2012

The first of two new discount tobacco and smoking accessory shops is to open next week at 4428 S. Westnedge Ave.

The other is to be opened in coming weeks at 1825 W. Main St. on Kalamazoo's West Side.

The Tobacco Shoppe will sell loose tobacco, cigars, pipes, hookahs, electronic cigarettes and the tubes and accessories for smokers to roll their own.

The business is refurbishing space in the northern part of the retail plaza off the northwest corner of Westnedge Avenue and Kilgore Road, just south of a Root Beer Stand location.

Safa Jarbo, of Troy, who will own the business with three partners, said it will also include a 168-square-foot walk-in humidor for fine cigars.

Jarbo is a partner in what appears to be a growing chain of the loose-tobacco retail stores.

They include one location in Battle Creek, with another soon to come; and locations in Lansing, Jackson and Adrian.

Why a tobacco store now? Jarbo said, "You can have a pack of cigarettes for about \$1. It's actually 87 cents, but we say \$1."

The pack of cigarettes can cost from about \$5.50 to about \$7 depending on the brand.

He said a 6-ounce bag of tobacco costs \$6 to \$7. It allows a user to roll up to a carton and a half of cigarettes. A carton of cigarettes can cost from around \$35 to more than \$60.

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## **EDITORIAL: AN EXAMPLE OF A BAD BILL: BENTLEY WAS RIGHT TO VETO CONTROVERSIAL BILL FOR RANDOLPH COUNTY**

Editorial by the Aniston Star  
Chicago Tribune (IL)  
May 9, 2012

In April, Republican Sens. Gerald Dial of Lineville and Duwayne Bridges of Valley joined with Democratic Rep. Richard Laird of Roanoke to propose creating a "district community service office" for their constituents.

Well, they did not actually create a physical office. Rather, they took money from the tobacco-tax fund that usually goes to the Randolph County Water Authority and put it in a grant fund they could use to help county organizations.

No sooner did the bill see the light of day than the leadership of the Randolph County Republican Party and the Randolph County Democratic Party teamed up to oppose the bill. Local opposition grew. A protest meeting was held in a packed town hall. It looked for a while like the will of the people might carry the day.

But the will of the state Legislature carried it instead: the bill passed.

(It was not clear why, but there was speculation that supporting legislators were looking to the time when they could create a "district community service office" fund of their own.)

So the bill was sent to Gov. Robert Bentley, and he vetoed it.

Although the governor's reasoning -- that there were "discrepancies between what was publicly advertised" and what the bill actually contained -- is sufficient to justify his action, it would have been better if he had just said it was a bad bill and let it go at that.

Undeterred, the supporters of the vetoed bill have introduced another bill that opponents say is worse than the first. Why? Because in addition to taking tobacco-tax money from the Water Authority, it also takes tobacco-tax funds from the local Industrial Development Board.

Opponents call the second bill "punitive," and it certainly seems to be. In Alabama, it only takes a majority of both houses to override a veto, and since the bill passed, the same vote that approved it could also make it law without the governor's signature.

Why didn't Dial, Bridges and Laird do that rather than propose a bill that punishes those who opposed them?

Legislators who supported the first bill, and who are being called on to support the second, need to seriously consider what they are doing. The new Republican majority vowed to end practices such as this. It is time it did.

And Democrats should help them.

*Originally published here:* <http://www.chicagotribune.com/news/nationworld/sns-mct-editorial-an-example-of-a-bad-bill-bentley-was-20120509,0,2192915.story>

## **SEE VIDEO: O'MALLEY UNVEILS INCOME TAX HIKE, BUDGET BILL FOR SPECIAL SESSION**

By Robert Lang and the Associated Press

WBAL Radio—Maryland

May 9, 2012

Gov. Martin O'Malley and leading lawmakers say they've agreed on a budget plan that they expect to be approved during a 3-day special legislative session next week, including income tax hikes on people making more than \$100,000.

The legislation to be considered next week would also shift the cost of teacher pensions from state to county governments over a four year period, and it would increase the taxes on some cigars.

The Democratic-controlled House and Senate were unable to agree on a spending plan during the 90-day regular session, triggering a "doomsday budget" with more than \$500 million in cuts to education and other services.

O'Malley, also a Democrat, says a "balanced approach" to the state's finances is necessary and that balancing the budget solely through cuts would "harm all of us."

The income tax increases would affect about 16 percent of Marylanders. They would kick in for individuals making \$100,000 or more or households making \$150,000.

O'Malley also says he is asking House Speaker Mike Busch and Senate President Mike Miller to recommend lawmakers to serve on a commission that will consider the impact of a sixth casino in Maryland. He says that commission's findings will lead to another special session this summer to deal with gambling legislation.

Supporters of gambling legislation, including Miller, want lawmakers to consider the issue this year, so that voters could consider it this November.

If lawmakers were to wait until next year, the earliest voters would consider gambling legislation would be 2014. The state constitution requires voters to approve any gambling expansion in Maryland.

The tax bill lawmakers will consider also includes an increase in taxes on certain tobacco products.

The tobacco tax was part of Governor O'Malley's budget introduced in January, and in the compromise budget negotiators reached last month.

Under the bill, the tax on premium cigars remains at 15%, but taxes on all other cigars increases from 15% to 70%. The tax on other tobacco products, except for cigarettes increases from 15% to 30%.

Supporters say the measure brings taxes for cigars and smokeless tobacco in line with the tax imposed on cigarettes.

Republican lawmakers have called the special session unnecessary.

Republican Delegate Ron George, who represents the city of Annapolis, notes that the higher income tax rates proposed are paid by many small businesses, and the tax increase may force some business owners to layoff workers, and increase the prices of the products they sell.

#### Proposed Income Tax Changes for Individual Filers

For those individuals with a taxable income between \$100,000 and \$125,000, the income tax rate increases from 4.75% to 5%.

For incomes between \$125,000 and \$150,000, the income tax rate increases from 4.75% to 5.25%

For incomes between \$150,000 and \$250,000, the income tax rate increases from 5% to 5.5%.

For incomes \$250,000 to \$500,000, the income tax rate increases from 5% to 5.75%.

For incomes above \$500,000, the income tax rate increases from 5.5% to 5.75%.

#### Proposed Income Tax Changes for Households

For those households with a taxable income between \$150,000 and \$175,000, the income tax rate increases from 4.75% to 5%.

For incomes between \$175,000 and \$225,000, the income tax rate increases from 4.75% to 5.25%.

For incomes between \$225,000 and \$300,000, the income tax rate increases from 5% to 5.5%.

For incomes between \$300,000 and \$500,000, the income tax increase increases from 5% to 5.75%.

For incomes above \$500,000, the income tax rate increases from 5.5% to 5.75%.

Video and text available here: <http://wbal.com/article/89683/2/template-story/See-Video-OMalley-Unveils-Income-Tax-Hike-Budget-Bill-For-Special-Session>

## **AD FOR CIGARETTE-TAX INITIATIVE ATTACKS TOBACCO INDUSTRY**

By Steven Harmon, Bay Area News Group

Mercury News (CA)

May 9, 2012

Backers of the tobacco-tax initiative on June's ballot are fighting fire with smoke.

The Yes on Proposition 29 campaign unveiled its first TV ad Tuesday, a 15-second spot titled "Smokescreen," accusing tobacco giants Philip Morris and R.J. Reynolds of running a deceptive campaign to defeat a \$1 per pack increase in tobacco taxes.

"Tobacco companies will continue to deceive and lie to the public about what this measure will do," said Jim Knox, a lobbyist for the American Cancer Society, one of the backers of Proposition 29. "That's why our ad focuses on who the opponents are, to make it clear that all the money to defeat 29 is coming from tobacco companies."

Also on Tuesday, an unofficial adviser to the campaign called on Gov. Jerry Brown to return \$26,000 he received last week from Philip Morris for his 2014 re-election campaign. In addition, the Yes on 29 campaign sent a letter to Brown asking him to remove an anti-29 doctor from a science-advisory board of physicians overseeing the effects of toxins on infants.

The major tobacco companies and their subsidiaries have poured in nearly \$40 million to defeat Proposition 29 in the June 5 election, compared with less than \$4 million on the Yes on 29 campaign. Much of the tobacco money has gone to blanketing the airwaves with TV and radio advertisements featuring Dr. La Donna Porter, the Sacramento-area physician who has come under fire from colleagues for appearing to give a medical seal of approval to tobacco's opposition.

The Yes on 29 campaign, in an attempt to blunt the effects of the tobacco-backed ads, features Porter in its own ad, with cigarette smoke obscuring her image while the narrator says: "Why is Big Tobacco spending millions to defeat Proposition 29? Because Prop. 29 hits them in the wallet."

### ***Profits at stake***

The tobacco industry stands to lose \$1 billion annually in profits, according to the Yes on 29 campaign.

Beth Miller, spokeswoman for the No on 29 campaign, defended its ads as accurate. "The fact is Prop. 29 is a poorly drafted and flawed measure that the proponents are not interested in discussing in great detail with the voters," she said. "Instead, they would rather level unfounded personal attacks to try and intimidate people who are willing to stand up and say, at a time when California is struggling with a \$10 billion budget deficit, facing very real cuts to schools, law enforcement and critical health programs, we can't afford to create a new unaccountable government bureaucracy run by political appointees with no guarantee that the money will be spent in California."

Meanwhile, the No on 29 campaign unveiled its second ad Monday, featuring an actor playing a scientist in a lab coat.

As part of its push to discredit Dr. Porter, the Yes on 29 campaign sent the letter Monday to Brown asking him to remove Porter from the Development and Reproductive Toxicant (DART) committee. Porter was appointed to the board by Gov. Arnold Schwarzenegger and has remained there under Brown.

Gil Duran, Brown's spokesman, said the administration had not officially received the letter and would not have a comment. And Steve Glazer, Brown's top political adviser, was not available Tuesday to comment on anti-tobacco activist Stanton Glantz's call for Brown to return the \$26,000 donation from Philip Morris.

"One would hope that Brown would return this campaign contribution and put the health of Californians above the profits of the out-of-state tobacco companies," said Glantz, a medical researcher with UC San Francisco and author of "Tobacco War: Inside the California Battles."

The primary challenge for the Yes on 29 campaign is to overcome the massive spending advantage of its opponents -- and the ability to get its message out virtually unabated. One point Proposition 29 opponents have raised is that none of the tax dollars will go toward solving the general-fund budget deficit, which could be \$15 billion or higher when Brown unveils his revised budget next week.

### ***Millions for research***

Countered Knox: "This measure is not going to solve the budget crisis; it is not a cure for global warming. There are a lot of things it doesn't do."

What it would do, he said, is hold out the promise of saving 104,000 lives, stopping 228,000 kids from smoking and generating \$735 million annually for research. Raising the price on a pack of cigarettes is the single most effective way of keeping kids from beginning to smoke, he said.

Voters wouldn't support a tobacco tax that would send revenues to the Legislature without having controls over how it will be spent, Knox said. And asking the Legislature to raise tobacco taxes for the general fund is out of the question -- it's not been done in 45 years.

"Because of the tobacco industry's control of the Legislature, it's not going to happen," Knox said. "Tobacco taxes are a poison pill. No one is going to take on the tobacco companies. The Legislature won't take them on. A tobacco tax will never be part of an overall tax package."

The only way to get a tobacco tax increase, he said, is to go directly at tobacco companies and use the money to fund programs to fix the damage that they cause.

Knox called the tobacco industry's campaign, which has raised the specter of an "out-of-control bureaucracy," higher taxes and tax money being spent out of state as "a typical approach to defeating an initiative in California, a pretty standard formula."

"Their sole purpose is to try to create confusion and doubt, which prompts a no vote, and tobacco companies have shown, if nothing else, to be experts at misleading the public, have for decades," Knox said.

The Yes on 29 ad, which will rotate with two others that have yet to be unveiled, will begin airing in Bay Area and Sacramento media markets before it starts up in Southern California in a few days.

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## **ADS SUPPORTING PROP. 29 AIM TO COUNTER TOBACCO INDUSTRY'S CRITICISMS**

California Healthline  
May 9, 2012

On Tuesday, supporters of Proposition 29 launched three advertisements seeking to undermine the credibility of opposition efforts funded by tobacco companies, the Sacramento Bee's "Capitol Alert" reports.

### ***Background on Prop. 29***

Prop. 29 is a June ballot initiative that would increase the state's tobacco sales tax by \$1 per pack. The current tobacco tax is 87 cents per pack. The state allocates 50 cents of that amount for First 5 early childhood health and education programs.

The ballot initiative was written by the American Cancer Society, the American Heart Association and the American Lung Association.

Supporters of Prop. 29 say the tax increase would generate about \$600 million annually to fund research on smoking-related conditions such as cancer, heart disease and stroke.

They note that it also would produce \$179 million each year for tobacco cessation, prevention and enforcement initiatives.

### ***Details of New Ads***

The three 15-second television ads began airing in Northern California markets on Tuesday, according to the Yes on 29 campaign.

One of the ads responds directly to an ad opposing the ballot initiative that features a San Joaquin General Hospital physician saying Prop. 29 would create a new bureaucracy and permit research funding to leave the state.

The other two ads feature cyclist Lance Armstrong, whose Lance Armstrong Foundation has given \$1.5 million in support of Prop. 29.



***Prop. 29 Opponents Outspend Supporters***

Meanwhile, R.J. Reynolds Tobacco, Philip Morris USA and their affiliates recently contributed another \$15 million to fight Prop. 29, according to campaign records (Yamamura, "Capitol Alert," Sacramento Bee, 5/7).

The companies have now spent \$38 million to defeat the measure, compared with the roughly \$4.7 million that proponents have spent to support it.

*Originally published here:* <http://www.californiahealthline.org/articles/2012/5/9/ads-supporting-prop-29-aim-to-counter-tobacco-industrys-criticisms.aspx#ixzz1uTPyFgi1>