

DAILY NEWS CLIPS

May 24, 2012

ROLL-YOUR-OWN LAW INTRODUCED IN D.C.

By Erin Murphy
Telegraph Herald (IA)
May 23, 2012

Iowa recently passed a law that raised taxes on roll-your-own tobacco products in order to align their tax rate more closely to that of regular cigarettes.

Illinois Sen. Richard Durbin introduced a similar law in Washington on May 10.

"The current loopholes in the taxes on tobacco products encourage the use of products like pipe tobacco, smokeless tobacco, and 'nicotine candies' as a cheap source of tobacco, particularly among young people," Durbin said on his website. "This difference in tax rates doesn't make sense, and we are already seeing tobacco manufacturers abusing them by changing the labels on their products to avoid paying the higher tax. This bill will stop tobacco manufacturers from gaming the system and protect more children and teens from this dangerous habit."

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JAPAN TOBACCO BUYING EUROPEAN ROLL-YOUR-OWN COMPANY

Reuters
May 24, 2012

Tobacco Inc (JT), the world's third-largest cigarette maker, said on Thursday it will buy Belgian tobacco product maker Gryson NV for 475 million euros (\$597.7 million) to cut its reliance on the domestic market.

JT, which sells more than half the cigarettes smoked in Japan, has seen its home market shrink by almost 30 percent in the last decade and aims to complete the deal within the current calendar year.

Gryson has established stakes in the markets for individually made machine and hand-rolled cigarettes in several European countries, including France, Portugal and Spain.

JT will acquire all shares in Gryson, which produces filters, loose tobacco and rolling papers for brands like Domingo, Fleur du Pays and Orlando, from unlisted GT&Co BVBA using existing funds and loan facilities.

The purchase price values the transaction at 12.3 times Gryson's 2012 forecasted earnings before interest, tax, depreciation and amortization, JT said in a statement.

The company did not use a financial advisor on the deal, a JT spokeswoman said.

Shares of JT have surged 17.5 percent since the start of 2012, beating a 1.3 percent rise in the Nikkei 225 average, as Japan's government inches closer to selling part of its 50 percent JT stake.

Shares of JT rose 1.1 percent prior to the announcement on Thursday versus a 0.1 percent gain in the Nikkei benchmark.

Originally published here: <http://www.reuters.com/article/2012/05/24/gryson-jt-idUSL4E8GO44V20120524>

ALTRIA TO TEST NEW NICOTINE PRODUCT IN VIRGINIA

By John Reid Blackwell

WSLS 10 NBC—Roanoke, Virginia

May 23, 2012

The nation's largest tobacco company is planning to test market in Virginia a new and unusual smokeless consumer product containing nicotine but no tobacco.

Altria Group Inc., the parent company of cigarette maker Philip Morris USA, announced Tuesday that the new product — a chewable, spit-free, oral product called Verve — will be available at 50 to 100 Sheetz convenience stores in Virginia starting in early June.

Verve is the latest example of the tobacco industry's efforts to spark consumer interest in alternative, smoke-free products.

The trend has developed as U.S. cigarette consumption slowly declines and as more states, local governments and businesses have banned indoor and public smoking.

Even historically tobacco-friendly states such as Virginia and North Carolina have adopted laws banning smoking in most restaurants.

"[Verve] was really designed for those adult smokers who are interested in smoke-free alternatives" to cigarettes, said David Sylvia, a spokesman for Henrico County-based Altria. "Our research shows that about 30 percent of adult smokers are interested in some sort of smokeless product."

However, many of those smokers are uncomfortable with traditional, loose-leaf chewing tobacco or snuff, so Altria and other companies are designing products aimed at wider acceptance.

"We are all aware of the clampdown on cigarette use and the decline (in consumption) that is going on in the country," said Jack Russo, a consumer staples analyst for Edward Jones & Co.

"They are trying to find the next product where they can perhaps grow a little bit and they are trying to design a product that is going to please the FDA and health agencies."

In Kansas, Altria is testing a tobacco stick, a spit-free oral product consisting of finely milled, flavored tobacco coated on 2.5-inch wooden sticks.

Altria and other major tobacco companies, including Richmond-based Swedish Match North America, also are trying to develop a larger market in the United States for snus, a type of smokeless, spit-free tobacco that has been popular for many years in Sweden.

Snus is sold in small pouches that are placed under the upper lip, enabling consumers to use it discreetly.

Verve is a departure from those other types of alternative tobacco products in that it contains no tobacco. It is made from a polymer and non-tobacco cellulose fibers with mint flavoring and nicotine, Altria said.

Verve will be sold in packages of 16 pieces or "discs." The consumer either chews a piece or holds it in his mouth for 10 to 15 minutes and then discards it.

The nicotine in the product is derived from tobacco, which means Verve should fall under the Food and Drug Administration's regulatory authority over tobacco products.

However, the agency has not yet released regulations for novel, or "other tobacco products," that do not fall clearly into the cigarette or smokeless categories.

An FDA spokeswoman said yesterday that the agency had not done a jurisdictional review on the product, so it cannot comment.

"It was inevitable that products like this would be produced," said Matthew Myers, president of the Campaign for Tobacco-Free Kids. "But it also makes it far more urgent that FDA close the loophole."

"In the absence of FDA review of the contents of the product, the American public is essentially being asked to be human guinea pigs," Myers said.

Altria said Verve's packaging and ads will carry this warning: "This product contains nicotine, which is addictive. Nicotine can harm your baby if you are pregnant or nursing. Nicotine can increase your heart rate, blood pressure and aggravate diabetes. Nicotine can cause dizziness, nausea and stomach pain."

The company said it will be sold in child-resistant packaging.

Sylvia said, "It will be sold only to those who are 18 years of age and older."

Each Verve disc contains about 1.5 mg of nicotine, which is lower than the range of nicotine typically found in pouch tobacco products now on the market, the company said.

The retail cost could vary but is expected to be around \$3 for a package of 16 discs.

Originally posted here: <http://www2.wsls.com/business/2012/may/23/tdbiz01-altria-to-test-market-new-nicotine-product-ar-1935376/>

THREE OUT OF 10 YOUNG ADULT TOBACCO USERS ARE “DUAL USERS”

Press Release by Legacy for Health
Market Watch, Wall Street Journal
May 23, 2012

In addition to Cigarettes, Little Cigars and Hookah Popular Among Young Tobacco Users

A new study finds that young adults are not only using cigarettes but also concurrently using more than one tobacco product, including little cigars and hookah. The study, published in the May issue of the Journal of Environmental and Public Health, comes from Legacy®, a national public health organization dedicated to reducing tobacco use in the United States. The research looked at tobacco use patterns among young adults, and included an examination of those using cigarettes plus another tobacco product concurrently (dual use).

According to the data, of the 23 percent of young adults who were current tobacco users, 30 percent reported dual use. "We found that dual users report the same levels of smoking compared to cigarette only users, suggesting that the use of other tobacco products does not replace cigarette smoking or decrease the mean number of cigarettes smoked daily among young adults. This trend toward dual use - especially among young people - is disconcerting," said Jessica Rath, Director of Research and Evaluation for Legacy. "Tobacco companies are pushing new products that leave young adults faced with an array of tobacco products from which to choose. The fact that many are experimenting with these new products, while still smoking cigarettes, may have negative implications for public health," she said.

The researchers used data from the online Legacy Young Adult Cohort Study to describe the prevalence of cigarette, other tobacco product, and dual use in a nationally representative sample of young adults aged 18-34 (n = 4,201). The data show the majority of individuals who use noncigarette (other) tobacco products (64 percent) are smoking cigarettes concurrently. According to the study, those who reported every day or someday use of cigarettes or other tobacco products also identified using the following tobacco products in the past 30 days:

Eighty-seven (87 percent) percent had smoked cigarettes; 19 percent currently smoke cigars; and 16 percent currently smoke little cigars/cigarillos/bidis.

In addition, 8 percent reported hookah use in the past 30 days.

"This study highlights the need for improved monitoring of tobacco use across the life course. This way, Legacy and other organizations can develop tailored efforts for the young adult population, in order to prevent progression and further reduce overall population prevalence," Rath said.

Much of the focus of tobacco control research and prevention efforts have traditionally centered on teens, given that nearly 80 percent of smokers begin before the age 18. However, there are few data on the prevalence and smoking behavior of young adults in the 18-34 year age group. This study is the first in a series that presents baseline information on this population and is designed to track the patterns, transitions and trajectories of tobacco use behavior in the under-studied age group. Researchers found that 32 percent of young adults (ages 18-34) initiated smoking after age 18 and 39 percent of regular users became regular smokers during young adulthood. In addition, among young adults who currently use tobacco, three in 10 are dual users.

"Earlier this year, the Surgeon General reported that nearly all tobacco use begins during youth, with addiction to nicotine starting right away in youth and young adulthood, while young adults are the prime target for tobacco marketing campaigns," said Cheryl G. Heaton, DrPH, Legacy President & CEO. "Our research shows that young adults are indeed trying smoking and becoming regular smokers," she added.

Legacy - best known for its truth® youth smoking prevention campaign - is committed to reaching young people with the knowledge and facts about tobacco's social and health consequences, so teens can then make informed decisions about smoking. While the campaign is primarily geared towards teens, research has found its hard-hitting messages also resonate with young adults. A December 2010 study in the American Journal of Preventive Medicine found that awareness of the truth campaign reached as high as 68 percent among young adults aged 18 to 24 years.

Description of Little Cigar Products: Little cigars are almost identical in size and appearance to cigarettes. Unlike cigarettes, which are wrapped in white paper, little cigars are wrapped in paper that contains some tobacco leaf. Cigarillos are longer and slimmer and often rolled in tobacco leaf or papers containing tobacco leaf. Increased use of these products is of particular concern, as users may believe that cigarillos and little cigars are less harmful than cigarettes.

Legacy helps people live longer, healthier lives by building a world where young people reject tobacco and anyone can quit. Legacy's proven-effective and nationally recognized public education programs include truth®, the national youth smoking prevention campaign that has been cited as contributing to significant declines in youth smoking; EX®, an innovative public health program designed to speak to smokers in their own language and change the way they approach quitting; and research initiatives exploring the causes, consequences and approaches to reducing tobacco use. Located in Washington, D.C., the foundation was created as a result of the November 1998 Master Settlement Agreement (MSA) reached between attorneys general from 46 states, five U.S. territories and the tobacco industry. To learn more about Legacy's life-saving programs, visit www.LegacyForHealth.org.

Originally published here: <http://www.marketwatch.com/story/three-out-of-10-young-adult-tobacco-users-are-dual-users-2012-05-23>

TOBACCO TAX REVENUE PROJECTIONS OFF BY AS MUCH AS 20 PERCENT

By Joanne Scharer
The Lund Report (OR)
May 23, 2012

Cigarette tax increases in Washington drive sales in Oregon, making accurate predictions difficult

Smoking and tobacco use currently provides Oregon with approximately \$260 million in tax revenue each year, not nearly enough to account for the \$2.4 billion that tobacco products cost the state each year. Still, the tobacco tax is a revenue stream, one that is expected to provide the general fund with \$132.3 million for the 2011-13 budget. While that is only slightly less than 1 percent of the general fund budget, it would be a lot of money to scramble for if that revenue source ran dry.

In order to create a budget, the Office of Economic Analysis provides the legislature with tobacco tax revenue forecasts. The Office of Economic Analysis forecasts tobacco tax revenue utilizing a 12-month moving average consumption level developed from the Department of Revenue's Tax Distribution Record data.

Price effects and per capita consumption impacts are applied, as well as the forecast for the 18-year-old and older population. Over the past five biennia (2001/03-2009/11), the Office of Economic Analysis' projections have been off anywhere from -4.8 to 20.9 percent. Why such a wide range?

According to Josh Lehner, an economist with the Office of Economic Analysis, in biennia where taxes are stable (not changing), Oregon's forecasts are too optimistic by a few percentage points (01-03, 03-05, 07-09), however in the biennia with large positive errors (05-07 and 09-11) the only major changes that took place was Washington raising their tobacco taxes. In other words, Washington raising its tobacco taxes, means that Oregon also receives higher tax revenues, because higher taxes in Washington means more cigarette sales in Oregon.

In the summer of 2005 (the very start of the 05-07 biennium) Washington raised its cigarette tax per pack from \$1.425 to \$2.025 and then again in May 2010 (the middle of the 09-11 biennium) Washington raised another dollar to \$3.025 per pack.

"In the big picture tobacco consumption (packs sold) is on a long, relatively steady trend downward (revenues sometimes go up when taxes are raised, even though consumption is declining)," Lehner explained. "One of the things we've found is that the tax differential between Oregon and Washington is important. When Washington raises their taxes and we don't immediately, it drives some Washingtonians to drive across the border and buy cheaper packs. The effect this has on Oregon tobacco taxes is that instead of declining slightly each year, when the taxes change, Oregon's packs sold increases somewhat or at least holds steady, thus revenue is above forecast."

Trista Davenport, who works at a Plaid Pantry near the Washington border, says that she often sells cigarettes to customers who live in Washington. "I can tell by their IDs, and they often tell me they are buying them in Oregon because they are cheaper than in Washington," Davenport explained. "We aren't right on the border but it still affects our sales. For places that sell cigarettes closer to the border (than we are) it rockets their sales."

According to Lehner, the Office of Economic Analysis does a "current law" forecast – meaning they take into account all Oregon and neighboring states laws on the books.

"It's hard to try and account for what other states do and we can only do so once we know Washington (or another neighboring state) has passed a law," Lehner noted.

According to a KING 5 News story, in October 2010 data from the Washington Department of Revenue showed that tax stamp sales fell after the May 2010 tax increase by an average of three million stamps per month. The state generated more money because of the new tax, but the number of tax stamps that cigarette wholesalers were buying, an indicator of legitimate cigarette sales, was down.

Originally published here:

http://www.thelundreport.org/resource/tobacco_tax_revenue_projections_off_by_as_much_as_20_percent

TOBACCO MONEY SWAYING CALIFORNIA VOTERS

Central Valley Business Times (CA)

May 23, 2012

Following weeks of an advertising onslaught that has seen tobacco companies dominate television with a more than \$40 million campaign against it, Proposition 29 is beginning to slide in support among likely voters, according to a new statewide poll by the nonpartisan Public Policy Institute of California.

Big tobacco has outspent proponents nearly four-to-one, according to figures compiled by the nonpartisan organization MapLight, which tracks how money buys government action or inaction.

Two weeks before the June primary, just over half of likely voters say they will vote yes on a proposition to impose an additional \$1 tax on cigarettes — a big decline in support from March, says PPIC.

Support for the cigarette tax, Proposition 29, has dropped 14 points among likely voters since March. In this most recent poll, 53 percent say they will vote yes, 42 percent say they will vote no, and 5 percent remain undecided on the measure, which would tax other tobacco products as well, with revenues going to research on cancer and other tobacco-related diseases.

In March — before the active campaign for and against the measure began — 67 percent supported it, 30 percent opposed it, and 3 percent were undecided.

When likely voters are asked a more general question about their views on increasing taxes on cigarette purchases, 63 percent say they are in favor and 33 percent are opposed. Responses to this question were similar in March (63 percent favor, 34 percent oppose).

"The large drop in support for Proposition 29 speaks loudly about how a well-funded opposition is able to raise voters' doubts and distrust in state government, even when a tax increase is viewed favorably," says Mark Baldassare, PPIC president and CEO.

About the Survey

The PPIC Statewide Survey was conducted with funding from the James Irvine Foundation. Findings are based on a telephone survey of 2,002 California adult residents interviewed on landlines and cell phones from May 14-20.

Interviews were conducted in English or Spanish according to respondents' preferences.

The sampling error, taking design effects from weighting into consideration, is ± 3.4 percent for all adults, ± 3.8 percent for the 1,322 registered voters, and ± 4.2 percent for the 894 likely voters.

The Public Policy Institute of California was established in 1994 with an endowment from William R. Hewlett. As a private operating foundation, PPIC does not take or support positions on any ballot measure or on any local, state, or federal legislation, nor does it endorse, support, or oppose any political parties or candidates for public office.

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CALIFORNIA TOBACCO TAX PITS LANCE ARMSTRONG VERSUS ALTRIA

By Alison Vekshin

Bloomberg Business Week

May 23, 2012

Lance Armstrong, the cycling champion and cancer survivor, is putting \$1.5 million behind a ballot measure to add \$1 a pack to California's cigarette tax, even as the tobacco industry has put up most of \$40.7 million aimed at stopping it.

Voters in the June 5 presidential primary election will decide whether to raise the tax to \$1.87 a pack and steer the additional revenue toward cancer research and stop-smoking programs. Leading the opposition are Altria Group Inc. (MO) (MO) and Reynolds American Inc. (RAI) (RAI), the parent of R.J. Reynolds Tobacco, the two biggest sellers in the U.S.

"I resent the tobacco industry's ability to influence public policy in their favor, time and time again, for a product that kills when used as directed," Armstrong said through a spokeswoman, Katherine McLane.

His nonprofit cancer charity, Livestrong, is supporting Proposition 29 along with the American Cancer Society and the American Heart Association. Armstrong overcame testicular cancer to win the Tour de France seven times.

If the measure is approved, California would become the latest state using a tax increase to raise the price of tobacco products to discourage smoking. Consumers pay the highest state tax at \$4.35 a pack in New York, according to the Centers for Disease Control and Prevention. Nationally, the average state tax is \$1.46.

The proposed California increase would push the average price of a pack to about \$7.50, said Brian Miller, a spokesman for the Equalization Board, the state's tax administrator, citing the nonpartisan Legislative Analyst's Office.

Unchanged Since 1998

Smoking is the leading cause of preventable death and illness in the U.S., according to the CDC. The agency said California hasn't raised its 87-cents-a-pack tax since 1998.

Altria, through its subsidiary companies Philip Morris USA, John Middleton Co. and U.S. Smokeless Tobacco, has given a combined \$27.3 million to defeat Proposition 29, according to campaign data compiled by MapLight, a nonpartisan research organization based in Berkeley that tracks campaign donations.

"Altria opposes additional targeted tax increases on tobacco," David Sutton, a spokesman for Richmond, Virginia-based Altria, said by e-mail. He called the ballot initiative a "flawed" measure.

Reynolds American's R.J. Reynolds Tobacco, American Snuff and Santa Fe Natural Tobacco units gave \$12.1 million, according to MapLight data. Reynolds, based in Winston-Salem, North Carolina, announced in March that it plans to cut 10 percent of its U.S. workforce by the end of 2014 as demand for cigarettes wanes. A Reynolds spokesman, David P. Howard, referred questions to a coalition opposing the measure.

Republican Party Donor

The California Republican Party contributed \$1.2 million to fight the proposal, according to MapLight.

"I can think of a lot better uses for \$40 million, like saving lives from cancer and other lethal diseases caused by tobacco," Armstrong said.

Opponents say the initiative creates a nine-member committee to administer the funds that would duplicate existing programs and have little accountability to taxpayers.

"The language in the initiative is so ambiguous that it leaves opportunity for fraud and personal benefit," George Runner, a member of the Equalization Board who spoke for the opposition, said by telephone. "And there is no ability for the Legislature to step back in and correct those loopholes."

The proponents have raised about \$8.6 million, according to MapLight, including \$500,000 from New York Mayor Michael Bloomberg and \$10,000 from Marc Benioff, chief executive officer of San Francisco-based Salesforce.com Inc. (CRM) (CRM), the largest seller of online customer-management software. The mayor is founder and majority owner of Bloomberg News parent Bloomberg LP.

\$735 Million Tax

The tax would generate about \$735 million a year by fiscal 2014, the legislative analyst estimated.

The committee would be subject to audits, and there are provisions in the measure to guard against fraud and conflict of interest, said Jim Knox, vice president of legislative advocacy in the California division of the American Cancer Society, in a telephone interview.

"This is a smokescreen from the tobacco companies," Knox said. "They're donating this money because they know that increasing the tax will reduce sales and cut their profits."

The \$49.3 million raised in the cigarette-tax battle falls short of a state record, said Daniel Newman, MapLight president. Proposition 8, the 2008 measure that put an end to same-sex marriages in California, garnered nearly \$107 million, according to the Helena, Montana-based National Institute on Money in State Politics.

Financial Stakes

The amount of cash flowing into the opposition effort isn't unusual, Newman said.

"When there's a financial interest in the success or failure of the initiative, the corporation can afford to spend as much as it needs because of the financial stakes involved," Newman said.

Matthew Lanford, 41, owner of Santa Barbara Cigar & Tobacco, gave \$1,000 in March to oppose the measure.

"A dollar on a pack of cigarettes -- people will adjust to that," Lanford, who has owned his business for 16 years, said by telephone. "They are \$10 a pack in New York and people are still buying them."

Smokers will go to neighboring Nevada or Arizona and buy cartons at a time, he said. The state excise tax is 80 cents a pack in Nevada and \$2 in Arizona, according to the CDC's Office on Smoking and Health.

Test for Brown

The outcome of California's cigarette tax vote may indicate the level of support for Governor Jerry Brown's ballot initiative in November that would temporarily raise income and sales taxes to help close a \$15.7 billion budget deficit.

"We will know a lot more on June 5, when that tobacco tax measure is voted on," said Bill Whalen, a fellow at the Hoover Institution at Stanford University, near Palo Alto.

"If California voters do not sign off on an increase of cigarette taxes in a very nonsmoking state, and punishing tobacco companies that nobody likes, courtesy of ads featuring a cancer victim and Lance Armstrong, I'm not sure what tax increase can pass."

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MEDICAID BILL STALLS; SPONSORS REMAIN OPTIMISTIC

By Doug Wilson
Herald-Whig (IL)
May 23, 2012

Sponsors of a Medicaid reform bill say they remain optimistic about its prospects after a House committee did not hold a hearing on the proposal Tuesday.

Rep. Sara Feigenholtz, D-Chicago, said technical issues stalled consideration of the plan to cut Medicaid, raise cigarette taxes and lower some reimbursement rates for care. She has been told the committee meeting should come later this week.

"We have no choice. We have to reform Medicaid in Illinois to correct a structural deficit," Feigenholtz said.

The bill would either cut costs or raise revenues totalling \$2.7 billion. It has been seen as the top issue for lawmakers, who are scheduled to complete work by May 31.

"I think it's Medicaid, then pensions and the budget. That's the priority list," said Sen. John Sullivan, D-Rushville.

Democrats and Republicans are still counting votes for the legislation and agree that higher cigarette taxes will determine the fate of Medicaid reform -- for better or for worse.

Many Republicans oppose the tax increase. Feigenholtz said passing other Medicaid provisions without the tobacco tax would leave a hole in the plan. Those funds would probably have to be cut from education and human services, which already are short of funds.

"I think there are some House GOPs that are considering it," Feigenholtz said.

Increasing cigarette taxes by \$1 per pack and a hike in taxes on other tobacco products is seen as the source of between \$700 million and \$800 million to shore up Medicaid.

Sen. Dale Righter, R-Mattoon, said he likes the idea that a section of the Medicaid bill "cuts up the state's Medicaid credit card" by reducing expenses. Righter did not endorse the entire bill.

Sullivan said different groups also have complained that the bill is changing. Pharmacists say they face a higher decrease in prescription reimbursements than discussed in earlier talks. Hospital executives say there are issues with changes in how they will be affected.

Even with those disagreements Sullivan said the cigarette tax is the hardest part.

"I want the cigarette tax to be a stand-alone vote. It could be put in with charity care and hospital assessments and then I would have a dilemma," Sullivan said.

Carthage Hospital is one of six hospitals in Sullivan's district and it currently faces property tax assessment that drains funds that could better be used elsewhere.

Feigenholtz said work continues on the 500-page legislation.

"There are a lot of moving parts," she said.

Originally published here: <http://www.whig.com/story/18604108/medicaid-bill-stalls-sponsors-remain-optimistic>

OUR VIEW: UNBELIEVABLY, ALABAMA LEGISLATURE APPROVES TOBACCO TAX SLUSH FUND FOR THREE LAWMAKERS

By Birmingham News Editorial Board

Birmingham News (AL)

May 24, 2012

Each year at the end of a legislative session, the House of Representatives bestows its Shroud Award on the deadest bill of the session.

Three companion bills pushed by Reps. Richard Laird, D-Roanoke, and DuWayne Bridges, R-Valley, in the House and Sen. Gerald Dial, R-Lineville, in the Senate, should have been prime candidates for the Shroud Award in this year's regular session, which ended last week. But for one problem: They are now law.

Unbelievably (at least in a sane world), the Legislature earlier this month approved bills the three sponsored that divert tobacco tax money collected in the three counties Laird represents, which also are in Dial's Senate district (Chambers, Clay and Randolph). Bridges' district includes part of Chambers County. The new laws set up a District Community Services Grant Authority that will decide how to spend the money, which will be taken from local agencies such as economic development authorities and water, sewer and fire protection authorities. The grant authority is made up of -- surprise! -- Dial, Laird and Bridges.

The laws divert to the grant authority 18 percent of the local tobacco taxes in Chambers County, 10 percent in Randolph County and a whopping 25 percent in Clay County. The lawmakers have said the money will be used for worthy charities, senior centers and local schools.

"We're talking about economic development, good clean water and they want their little slush fund," Randolph County Commissioner Lathonia Wright said in *The Randolph Leader*.

Except the "slush fund" isn't so little. The Randolph County Bipartisan Coalition -- which includes the Randolph County Democratic and Republican parties, Chamber of Commerce, Economic Development Authority, and Water, Sewer and Fire Protection Authority -- has called the lawmakers' tobacco tax diversion a \$750,000 slush fund.

It is hard to argue that point.

Yet, other lawmakers in droves went along with this hooey. Not only did they go along with it, they overrode a veto by Gov. Robert Bentley. The governor should be congratulated for doing the right thing, but he didn't exactly make a strong case against these bills. "There were discrepancies between what was publicly advertised about these bills and the substance of what actually passed," spokesman Jeremy King said.

That is true. But why not say: "I refuse to go along with legislation that robs three-quarters of a million dollars in tobacco taxes from local agencies and creates a 'slush fund' for three lawmakers to do with what they want, with no oversight. This situation is especially egregious since the bills were approved by Republican majorities in the Senate and House that made government accountability and transparency their watchwords."

It's enough to make you wonder whether lawmakers who voted for the bills, and to override Bentley's veto of those bills, thought of their cohorts' audacity: "Now, why didn't I think of doing that?"

That would explain why bills so outrageous they should have become Shroud Award winners instead became law. Let's hope we're not seeing the first of many District Community Services Grant Authorities that rob money from local agencies so lawmakers can pass out pork as they see fit.

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http://blog.al.com/birmingham-news-commentary/2012/05/our_view_unbelievably_alabama.html