



Lobbying Expenditures of Tobacco Interests in California

2009-2010 Election Cycle: January 2009 – March 2010

This report details spending by tobacco interests on lobbying expenditures and campaign contributions for the first 15 months of the 2009-2010 election cycle. This report is one in a series of regular updates produced by the Center for Tobacco Policy & Organizing, a project of the American Lung Association in California.

Introduction

Through the first 15 months of the two-year reporting period (2009-2010), tobacco interests have spent more than \$1.9 million on lobbying and have lobbied 15 tobacco-related bills. These lobbying expenditures are consistent with the amount spent on lobbying during the first 15 months of the previous election cycle (2007-2008). Philip Morris USA Inc. is responsible for more than \$1.3 million in lobbying expenditures or more than 70 percent of the total tobacco interests' lobbying expenditures. Tobacco interests have lobbied on a variety of legislation, such as bills to increase the state's tobacco tax, amend the state tobacco retailer licensing law and restrict the sale of electronic cigarettes.

Background

The tobacco interests profiled in this report hire lobbyists and are therefore considered lobbyist employers by the Secretary of State and are required to submit quarterly disclosure reports. These reports must state which legislative or administrative actions, such as bills or regulations, were lobbied during that quarter and how much money was spent on payments to lobbying firms and activity expenses, which is defined to include gifts, honoraria, consulting fees and salaries. Lobbying expenditures do not include campaign contributions. Each quarter covers three months out of the calendar year (January through March, April through June, July through September, and October through December) making a total of eight quarters for the two-year legislative session. The figures on lobbying expenditures in this update come from the first five of eight quarterly disclosure reports in the 2009-2010 election cycle.

The Secretary of State's website, <http://cal-access.ss.ca.gov>, contains a searchable database with all of the figures that are found in this report. While this report attempts to convey accurate lobbying data, it is important to note that these records are subject to amendment and data is subject to change.

The Center for Tobacco Policy & Organizing produces regular reports on lobbying expenditures and campaign contributions as this information is filed with the Secretary of State. For past reports, please visit the Center's website at www.Center4TobaccoPolicy.org/tobacomoney.

**Table 1: Lobbying Expenditures and Legislation Lobbied by Tobacco Interests
(January 1, 2009 – March 31, 2010)**

Table 1 shows the amount each tobacco interest spent on lobbying and the bills or administrative actions they lobbied during 2009 and the first three months of 2010. In these first 15 months of the two-year cycle, the tobacco interests have spent more than \$1.9 million to lobby the legislature on 15 tobacco-related bills and the Board of Equalization on several issues.

Altria Client Services Inc. and its Affiliates (Philip Morris USA Inc.)

Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2009	\$139,111.71	AB 89 (Torlakson) Increasing the Tax on Cigarettes SB 53 (DeSaulnier) Authorizing Attorney General to Negotiate Amendments to the MSA SB 600 (Padilla) Increasing the State Tobacco Tax SB 601 (Padilla) Restricting Eligibility for State Tobacco Retailer License SB 602 (Padilla) Restricting State Tobacco Retailer Licenses SB 603 (Padilla) Creating Annual Fee for State Tobacco Retailer License
2nd Quarter 2009	\$751,564.69	AB 89 (Torlakson) Increasing the Tax on Cigarettes ACA 22 (Torlakson) Increasing the Tax on Cigarettes ABX3 2 (Evans) Budget, Tobacco Tax Increase ABX3 39 (Evans) Budget, Tobacco Tax Increase SB 76 (Budget Committee) Budget, Tobacco Tax Increase SB 600 (Padilla) Increasing the State Tobacco Tax SB 601 (Padilla) Restricting Eligibility for State Tobacco Retailer License SB 602 (Padilla) Restricting State Tobacco Retailer Licenses SB 603 (Padilla) Creating Annual Fee for State Tobacco Retailer License
3rd Quarter 2009	\$212,437.10	AB 89 (Torlakson) Increasing the Tax on Cigarettes ABX3 2 (Evans) Budget, Tobacco Tax Increase ABX3 39 (Evans) Budget, Tobacco Tax Increase SB 76 (Budget Committee) Budget, Tobacco Tax Increase SB 600 (Padilla) Increasing the State Tobacco Tax SB 601 (Padilla) Restricting Eligibility for State Tobacco Retailer License SB 603 (Padilla) Creating Annual Fee for State Tobacco Retailer License
4th Quarter 2009	\$128,216.74	Board of Equalization - Proposed Regulations
1st Quarter 2010	\$154,006.33	AB 2496 (Nava) Reducing Evasion of MSA Payments and Cigarette Tax Payments AB 2733 (Ruskin) Making Changes to State Tobacco Retailer Licensing Law Board of Equalization - Proposed Regulations, Excise Tax on Smokeless Tobacco
TOTAL	\$1,385,336.57	

**Table 1: Lobbying Expenditures and Legislation Lobbied by Tobacco Interests
(January 1, 2009 – March 31, 2010)**

(continued)

California Distributors Association¹

Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2009	\$13,040.00	AB 89 (Torlakson) Increasing the Tax on Cigarettes AB 689 (Calderon) Changing the Definition of a Tobacco Product SB 600 (Padilla) Increasing the State Tobacco Tax SB 601 (Padilla) Restricting Eligibility for State Tobacco Retailer License SB 602 (Padilla) Restricting State Tobacco Retailer Licenses SB 603 (Padilla) Creating Annual Fee for State Tobacco Retailer License Board of Equalization: Excise Tax Issues
2nd Quarter 2009	\$13,301.60	AB 689 (Calderon) Changing the Definition of a Tobacco Product SB 600 (Padilla) Increasing the State Tobacco Tax SB 601 (Padilla) Restricting Eligibility for State Tobacco Retailer License SB 602 (Padilla) Restricting State Tobacco Retailer Licenses SB 603 (Padilla) Creating Annual Fee for State Tobacco Retailer License
3rd Quarter 2009	\$13,040.00	SB 76 (Budget Committee) Budget, Tobacco Tax Increase SB 400 (Corbett) Authorizing Enforcement Action Against Sales of E-Cigarettes SB 600 (Padilla) Increasing the State Tobacco Tax SB 602 (Padilla) Restricting State Tobacco Retailer Licenses SB 603 (Padilla) Creating Annual Fee for State Tobacco Retailer License
4th Quarter 2009	\$13,040.00	SB 400 (Corbett) Authorizing Enforcement Action Against Sales of E-Cigarettes
1st Quarter 2010	\$13,040.00	AB 2733 (Ruskin) Making Changes to State Tobacco Retailer Licensing Law SB 882 (Corbett) Restricting Sales of E-Cigarettes
TOTAL	\$65,461.60	

¹The California Distributors Association lobbies on other issues besides tobacco issues. The table reflects total amount of money spent on lobbying but only lists the tobacco-related bills.

Reynolds American Inc. (R.J. Reynolds Tobacco Company)

Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2009	\$56,697.73	AB 89 (Torlakson) Increasing the Tax on Cigarettes SB 600 (Padilla) Increasing the State Tobacco Tax
2nd Quarter 2009	\$62,323.86	AB 89 (Torlakson) Increasing the Tax on Cigarettes ACA 22 (Torlakson) Increasing the Tax on Cigarettes SB 600 (Padilla) Increasing the State Tobacco Tax SB 601 (Padilla) Restricting Eligibility for State Tobacco Retailer License SB 602 (Padilla) Restricting State Tobacco Retailer Licenses
3rd Quarter 2009	\$67,204.15	SB 600 (Padilla) Increasing the State Tobacco Tax
4th Quarter 2009	\$72,283.11	No bills listed this quarter
1st Quarter 2010	\$59,021.67	AB 89 (Torlakson) Increasing the Tax on Cigarettes AB 2496 (Nava) Reducing Evasion of MSA Payments and Cigarette Tax Payments SB 600 (Padilla) Increasing the State Tobacco Tax
TOTAL	\$317,530.52	

**Table 1: Lobbying Expenditures and Legislation Lobbied by Tobacco Interests
(January 1, 2009 – March 31, 2010)**

(continued)

UST Public Affairs, Inc. (U.S. Smokeless Tobacco Company)²

Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2009	\$70,500.00	AB 89 (Torlakson) Increasing the Tax on Cigarettes SB 600 (Padilla) Increasing the State Tobacco Tax
2nd Quarter 2009	\$25,500.00	AB 89 (Torlakson) Increasing the Tax on Cigarettes ACA 22 (Torlakson) Increasing the Tax on Cigarettes SB 600 (Padilla) Increasing the State Tobacco Tax SB 601 (Padilla) Restricting Eligibility for State Tobacco Retailer License SB 602 (Padilla) Restricting State Tobacco Retailer Licenses SB 603 (Padilla) Creating Annual Fee for State Tobacco Retailer License
3rd Quarter 2009	\$70,500.00	Board of Equalization: tax ramifications of SB 601 (Padilla) and SB 603 (Padilla)
4th Quarter 2009	\$25,500.00	Board of Equalization: Wholesale tobacco cost
TOTAL	\$192,000.00	

² UST Public Affairs terminated lobbying on December 31, 2009.

**Table 2: Historical Lobbying Expenditures of Tobacco Interests
(January 1, 2001 – March 31, 2010)**

Table 2 shows the historical spending of tobacco interests on lobbying expenditures from 2001 through the first three months of 2010. During this time period, tobacco interests have spent more than \$12.8 million on lobbying expenditures.

Company	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010 (1/1/09 - 3/31/10)	Totals
Altria Client Services Inc. and its Affiliates (Phillip Morris USA Inc.)	\$799,693	\$1,070,237	\$884,694	\$1,680,953	\$1,385,337	\$5,820,913
Reynolds American Inc. (R.J. Reynolds Tobacco Company)	\$615,058	\$489,916	\$598,507	\$469,646	\$317,531	\$2,490,657
UST Public Affairs, Inc. (US Smokeless Tobacco Company) ¹	\$310,073	\$465,446	\$391,137	\$403,564	\$192,000	\$1,762,220
Lorillard Tobacco Company ²	\$493,975	\$381,657	\$187,202	-	-	\$1,062,834
Brown & Williamson Tobacco Corporation ³	\$587,781	\$304,239	-	-	-	\$892,020
California Distributors Association	\$87,537	\$95,378	\$99,324	\$104,353	\$65,462	\$452,054
Smokeless Tobacco Council, Inc. ⁴	\$263,817	\$67,500	-	-	-	\$331,317
TOTALS	\$3,157,934	\$2,874,372	\$2,160,864	\$2,658,516	\$1,960,329	\$12,812,015

¹ UST Public Affairs, Inc. terminated lobbying in December 2009. | ² Lorillard Tobacco Company terminated lobbying in December 2005. | ³ Brown & Williamson Tobacco Corporation merged with R.J. Reynolds Tobacco Company in August 2004. | ⁴ Smokeless Tobacco Council, Inc. terminated lobbying in December 2003.