



Lobbying Expenditures of Tobacco Interests in California

2011-2012 Election Cycle: January 2011 – March 2011

This report details spending by tobacco interests on lobbying expenditures and campaign contributions for the first three months of the 2011-2012 election cycle. This report is one in a series of regular updates produced by the American Lung Association in California's Center for Tobacco Policy & Organizing.

Introduction

The first three months of 2011 represent the first reporting quarter for lobbying expenditures in the 2011-2012 two-year election cycle and nearly coincide with the beginning of the 2011-2012 session of the California Legislature. With a new legislative session, hundreds of bills, including many tobacco-related bills, were introduced. During these three months, tobacco interests spent more than \$240,000 on lobbying and lobbied six tobacco-related bills. These lobbying expenditures are slightly lower than the amount spent on lobbying during the first three months of the previous election cycle (2009-2010). In 2011, tobacco interests lobbied on bills to increase the state's tobacco tax, restrict tobacco sales near schools and close exemptions in the state's smokefree workplace law.

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. 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 election cycle. The figures on lobbying expenditures in this update come from the first of eight quarterly disclosure reports in the 2011-2012 election cycle.

The four active tobacco interests that are included in this report are:

Altria Client Services Inc. and its Affiliates – Parent company of Philip Morris USA, John Middleton and U.S. Smokeless Tobacco Company.

California Distributors Association – Trade group that represents tobacco wholesalers and distributors.

Cigar Association of America – Trade group that represents cigar manufacturers, importers and distributors.

RAI Services Company and its Affiliates – Parent company of RJ Reynolds Tobacco Company, American Snuff Company LLC and Santa Fe Natural Tobacco Company, Inc.

Resources

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 American Lung Association in California's 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 or the American Lung Association in California's website at www.lungusa.org/california.

Table 1: Lobbying Expenditures, Legislation Lobbied and Firms Employed by Tobacco Interests (January 1, 2011 – March 31, 2011)

Table 1 shows the amount each tobacco interest spent on lobbying, the bills or administrative actions they lobbied and the lobbying firms they employed during the first three months of 2011. In these first three months of the two-year cycle, the tobacco interests spent more than \$240,000 to lobby the legislature on six tobacco-related bills. As part of this lobbying, each tobacco interest also employed at least one lobbying firm to represent their interests in the Capitol.

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

Quarter	Amount Spent	Bills/Issues Lobbied	Lobbying Firms (Amount Paid)
1st Quarter 2011	\$143,110.20	SB 116 (De Leon) Modifying Single Sales Factor for Income Tax SB 330 (Padilla) Increasing the State Tobacco Tax SB 331 (Padilla) Restricting Sales of Tobacco Products Near Schools	The Apex Group (\$15,000) Capitol Connection (\$30,000) Lang Hansen O'Malley and Miller Governmental Relations (\$82,500)
TOTAL	\$143,110.20		

California Distributors Association¹

Quarter	Amount Spent	Bills/Issues Lobbied	Lobbying Firms (Amount Paid)
1st Quarter 2011	\$13,040.00	AB 1030 (Achadjian) Allowing for Suspension of a Distributors License for Tax Violations	The Capitol Strategies Group (\$13,040)
TOTAL	\$13,040.00		

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.

Cigar Association of America

Quarter	Amount Spent	Bills/Issues Lobbied	Lobbying Firms (Amount Paid)
1st Quarter 2011	\$20,703.06	AB 718 (Hall) Making Minor Technical Changes to State Licensing Law SB 330 (Padilla) Increasing the State Tobacco Tax SB 575 (DeSaulnier) Expanding Smokefree Indoor Workplaces	Jack Advocacy Group (\$20,000)
TOTAL	\$20,703.06		

RAI Services Company and its Affiliates (R.J. Reynolds Tobacco Company)

Quarter	Amount Spent	Bills/Issues Lobbied	Lobbying Firms (Amount Paid)
1st Quarter 2011	\$64,841.18	SB 330 (Padilla) Increasing the State Tobacco Tax	The Flanigan Law Firm (\$64,841.18)
TOTAL	\$64,841.18		

**Table 2: Activity Expenses and Gifts by Tobacco Interests
(January 1, 2011 – March 31, 2011)**

Table 2 details both the activity expenses and campaign contributions that are listed on the lobbying reports of tobacco interests. In addition to the total amount spent, lobbying reports also include details about activity expenses, such as providing meals or drinks to a legislator. These activity expenses are included in the monetary totals found in Table 1, but the details are listed below in Table 2. Lobbying reports also include campaign contributions or gifts that are not reported elsewhere (for example if the total amount of contributions did not meet the minimum monetary threshold for filing a campaign contributions report for that time period) and these are not included in the monetary totals found in Table 1. During the first three months, the tobacco interests reported providing food and drinks to one legislator and his staff and one state board member.

Date	Tobacco Interest	Individual/Group	Expenditure	Amount	Location
1/10/11	Cigar Association of America	Assembly Member Isadore Hall and four staff members	Dinner and Drinks	\$100.44	Ella Dining Room & Bar
3/8/11	Altria Client Services and its Affiliates (Philip Morris USA Inc.)	Dennis Hollingsworth (Unemployment Insurance Appeals Board Member)	Food and Beverage	\$67.50	Esquire Grill

**Table 3: Historical Lobbying Expenditures of Tobacco Interests
(January 1, 2003 – March 31, 2011)**

Table 3 shows the historical spending of tobacco interests on lobbying expenditures from 2003 through the first three months of 2011. During this time period, tobacco interests have spent nearly \$10.7 million on lobbying expenditures.

Company	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012 (1/1/11- 3/31/11)	Totals
Altria Client Services Inc. and its Affiliates (Phillip Morris USA Inc.)	\$1,070,237	\$884,694	\$1,680,953	\$1,911,569	\$143,110	\$5,690,563
Reynolds American Inc. (R.J. Reynolds Tobacco Company)	\$489,916	\$598,507	\$469,646	\$546,434	\$64,841	\$2,169,344
UST Public Affairs, Inc. (US Smokeless Tobacco Company) ¹	\$465,446	\$391,137	\$403,564	\$192,000	-	\$1,452,147
Lorillard Tobacco Company ²	\$381,657	\$187,202	-	-	-	\$568,859
California Distributors Association	\$95,378	\$99,324	\$104,353	\$105,222	\$13,040	\$417,317
Brown & Williamson Tobacco Corporation ³	\$304,239	-	-	-	-	\$304,239
Smokeless Tobacco Council, Inc. ⁴	\$67,500	-	-	-	-	\$67,500
Cigar Association of America ⁵	-	-	-	-	\$20,703	\$20,703
TOTALS	\$2,874,373	\$2,160,864	\$2,658,516	\$2,755,225	\$241,694	\$10,690,672

¹UST Public Affairs, Inc. terminated lobbying in December 2009. | ²Lorillard Tobacco Company terminated lobbying in December 2005. | ³Brown & Williamson Tobacco Corporation merged with R.J. Reynolds Tobacco Company in August 2004. | ⁴Smokeless Tobacco Council, Inc. terminated lobbying in December 2003. | ⁵Lobbying expenditures of the Cigar Association of America started being tracked in 2011.