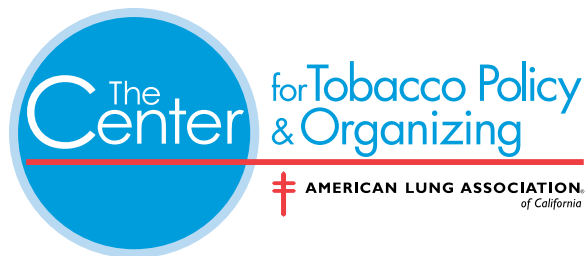


Tobacco Money in California Politics

Campaign Contributions and Lobbying Expenditures of Tobacco Interests

Report for the 2005-2006 Election Cycle





June 2007

This report was produced by The Center for Tobacco Policy & Organizing (The Center), a project of the American Lung Association of California, and funded by the California Department of Health Services, Tobacco Control Section. Every two years, The Center will produce a comprehensive report on the total campaign contributions and lobbying expenditures of tobacco interests for the preceding two-year election cycle. In between these comprehensive reports, The Center will produce smaller reports on lobbying and campaign contributions as this information is filed with the California Secretary of State. This report is available at The Center's new website, www.Center4TobaccoPolicy.org.

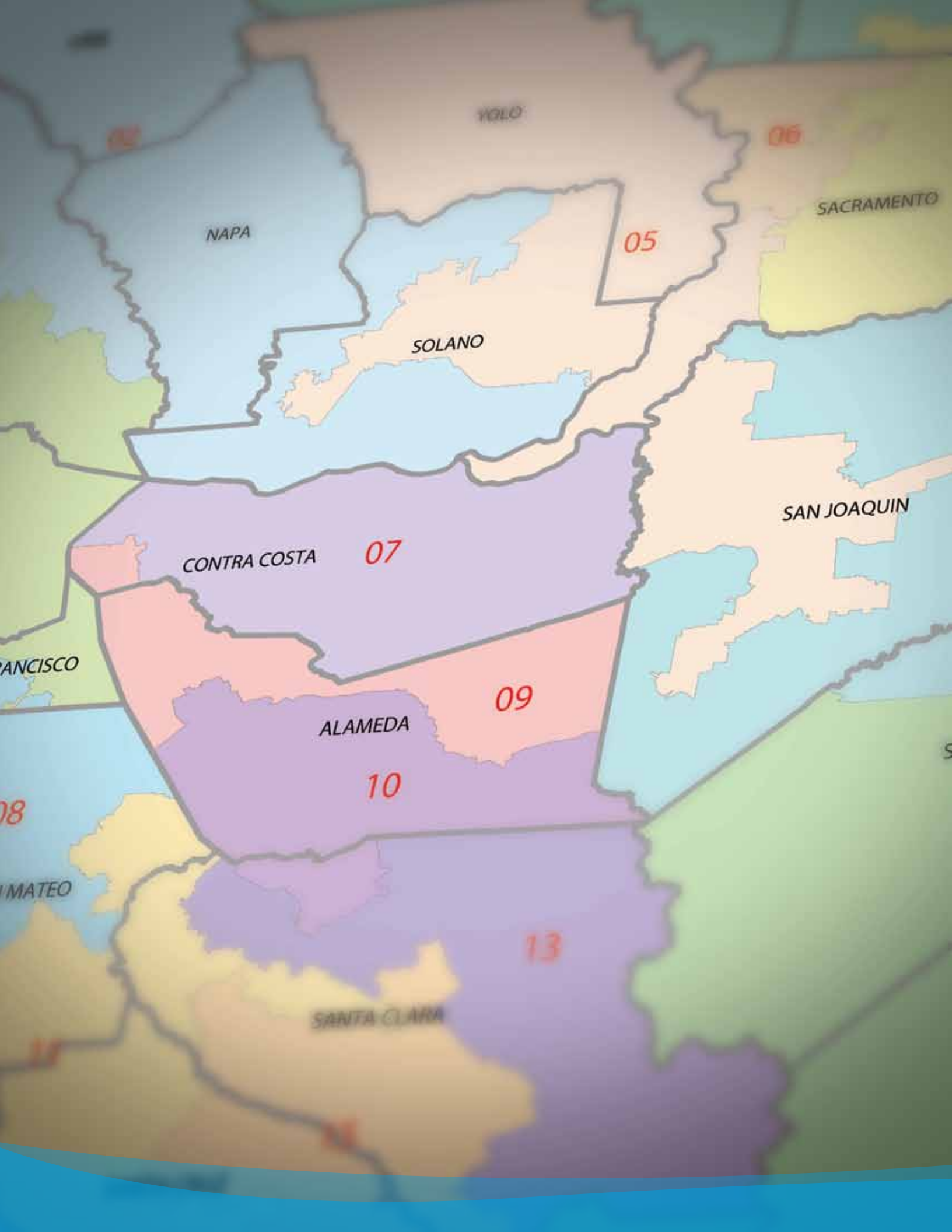
The Center for Tobacco Policy & Organizing • 921 11th Street, Suite 619 • Sacramento, CA 95814
Phone: (916) 442.4299

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YOLO

06

NAPA

05

SACRAMENTO

SOLANO

SAN JOAQUIN

CONTRA COSTA

07

FRANCISCO

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ALAMEDA

08

10

MATEO

13

SANTA CLARA

Executive Summary

California has been one of the most successful states in the fight to protect people from the dangers of tobacco use and secondhand smoke. These efforts have led to low smoking prevalence rates and decreased rates of tobacco-related diseases in California. Despite all of this success, tobacco interests continue to spend millions of dollars in order to influence California politics. **Tobacco Money in California Politics** details campaign contributions and lobbying expenditures of tobacco interests during the two-year election cycle from January 1, 2005 through December 31, 2006. This report also provides historical data on this spending over the last decade.

During the 2005-2006 election cycle, the major tobacco companies and tobacco affiliated organizations spent more than \$66 million in campaign contributions to candidates for and members of the California state legislature, constitutional officers, political committees and ballot initiative campaigns and more than \$2 million on lobbying expenditures. The large amount of campaign contribution spending was primarily due to heavy spending to defeat Proposition 86 (Tobacco Products Tax Initiative) on the November 2006 election, on which the tobacco interests spent more than \$62 million.

Proposition 86 would have raised the tax on cigarettes by \$.60/pack, as well as the tax on other tobacco products, and used funds generated by this tax to pay for tobacco use prevention programs, enforcement of tobacco-related laws, research on tobacco-related diseases, and for certain activities at qualified hospitals. In response to the threat of increased taxes on tobacco products, tobacco interests demonstrated that they still have enormous financial resources to counter proposed laws that can have a negative effect on their industry's bottom line. Two committees were set up by tobacco companies ("No on 86" sponsored by Philip Morris and "No on Proposition 86" sponsored by RJ Reynolds) that were used to defeat Proposition 86. In all, Philip Morris gave \$34.2 million and the U.S. Smokeless Tobacco Company gave \$2.6 million to No

on 86, while RJ Reynolds gave \$25.3 million to No on Proposition 86. By contrast, back in 1998, tobacco interests spent more than \$30 million, in a failed effort to defeat Proposition 10, which raised the cigarette tax by \$.50/pack. Spending by tobacco interests to oppose Proposition 86 more than doubled what they spent to oppose Proposition 10.

In addition to the significant sums spent on a Proposition 86 opposition campaign, tobacco interests gave a steady amount of money to state legislators during the 2005-2006 election cycle. Of the 120 legislators (80 Assembly Members and 40 Senators), tobacco interests gave money to 62 of these members or 52 percent (one Assembly seat was vacant at the end of the session). This is an increase from the 2003-2004 election cycle when tobacco interests made contributions to 57 members or 48 percent. After the November 2006 election, 48 seats in the legislature have new occupants, with nine of these new members having come from serving in the other legislative body during the 2005-2006 legislative session. Tobacco interests made contributions to 22 of the 39 newly elected legislators (21 Assembly Members and one Senator) or 56 percent.

Finally, tobacco interests continued to spend millions of dollars to lobby the state legislature and constitutional officers. These lobbying expenditures are separate from the campaign contributions described above. Toward that end, tobacco interests spent more than \$2 million in the previous two years (January 1, 2005 through December 31, 2006) actively lobbying on tobacco-related legislation, such as bills related to cigarette mitigation fees, Internet sales of tobacco, and prohibiting smoking at state beaches.

Driven by the two large scale ballot propositions in the 1997-1998 and 2005-2006 election cycles, tobacco interests have spent more than \$120 million (more than \$105 million in campaign contributions and more than \$15 million in lobbying expenditures) to influence California policy over the last ten years.



Background Information and Sources

For the past few decades, the tobacco industry has been dominated by the big four tobacco companies: Philip Morris, RJ Reynolds, Brown & Williamson, and Lorillard. A merger between RJ Reynolds and Brown & Williamson in the summer of 2004 created Reynolds American Inc. Together, these three companies control more than eighty-five percent of the current US market for cigarettes. In addition to these major cigarette manufacturers, this report includes contribution and lobbying expenditures of the US Smokeless Tobacco Company and the California Distributors Association, which represents major tobacco wholesalers and distributors in California. While not a “tobacco company” per se, the wholesalers and distributors are a key tobacco interest group, and as noted in the report, contribute to candidates and lobby on many tobacco-related measures.

Tobacco companies and tobacco affiliated organizations are required to submit statements to the Secretary of State that detail campaign contributions twice annually and more often in election years. Campaign contributions include all monetary contributions and non-monetary contributions, such as donated goods or services. The information in **Tobacco Money in California Politics** comes from the semiannual reports filed by the tobacco interests that cover the two-year election cycle from January 1, 2005 through December 31, 2006, nearly coinciding with the 2005-2006 legislative session.

Philip Morris files its report of campaign contributions under the name Altria Group Inc.’s Affiliates, which includes Philip Morris USA Inc. and Kraft Foods Global, Inc. The campaign finance figures in this report contain all Altria Group contributions. The US Smokeless Tobacco Company files under the name UST Inc., which includes the US Smokeless Tobacco Company and UST Public Affairs. The campaign finance figures in this report contain all UST Inc. contributions.

Because the tobacco companies and tobacco affiliated organizations hire lobbyists, they are also considered lobbyist employers by the Secretary of State and required to submit quarterly disclosure reports. These reports must state which legislative or administrative actions, such as bills or regulations, were actively 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, for that quarter. 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 reporting period. The information in **Tobacco Money in California Politics** comes from the eight quarterly reports that contains all the data on lobbying expenses from January 1, 2005 through December 31, 2006.

The Secretary of State’s website, <http://cal-access.ss.ca.gov/default.aspx>, contains a searchable database with all of the figures that are found in **Tobacco Money in California Politics**, except the figures prior to 1999, which are kept in the state archives. While this report attempts to convey accurate campaign finance and lobbying data, it is important to note that these records are subject to amendment by donors and data is subject to change.

Information about the reporting requirements for campaign contributions and lobbying expenses can be found on the California Fair Political Practices Commission’s website, <http://www.fppc.ca.gov/index.html>.

Contributions to Political Committees

Table 1 shows the tobacco interests' contributions to political committees and political parties between January 1, 2005 and December 31, 2006, including contributions made to the two committees set up by tobacco companies ("No on 86" sponsored by Philip Morris and "No on Proposition 86" sponsored by RJ Reynolds) that were used to defeat Proposition 86. This ballot initiative would have raised the tax on cigarettes by \$2.60/pack to fund tobacco prevention

programs and certain activities at qualified hospitals. There are no limits on what donors can give to political committees supporting initiatives such as the two Proposition 86 opposition committees and the threat of increased taxes on tobacco products resulted in the tobacco interests spending an enormous amount of money. Combined, Philip Morris, RJ Reynolds, and US Smokeless Tobacco spent more than \$62 million to defeat Proposition 86.

Table 1: Contributions to Political Committees from Tobacco Interests (January 1, 2005- December 31, 2006)

Committee Name	Altria Group Inc.'s Affiliates (Philip Morris)	RJ Reynolds Tobacco Company	UST Inc. (US Smokeless Tobacco Company)	Lorillard Tobacco Company	Totals
No on 86 – Sponsored by Philip Morris	\$34,192,341	-	\$2,653,623	-	\$36,845,964
No on Proposition 86 – Sponsored by RJ Reynolds	-	\$25,348,447	-	-	\$25,348,447
California Republican Party	\$1,080,000	\$47,500	\$300,940	-	\$1,428,440
Californians Against Unfair Taxes (Committee Terminated Nov 05)	\$377,398	-	-	-	\$377,398
Voter Education and Registration Fund 2006	\$250,000	-	-	\$4,000	\$254,000
Voter Registration 2006	\$160,000	-	-	\$4,000	\$164,000
California Business PAC	-	\$100,000	-	-	\$100,000
Alliance for California's Tomorrow	\$40,000	-	\$25,000	-	\$65,000
California African American Political Empowerment	\$45,000	-	\$5,000	\$7,000	\$57,000
Californians for Civil Justice Reform PAC	\$40,000	-	-	-	\$40,000
Committee to Protect California's Future (Props 1A-1E)	\$40,000	-	-	-	\$40,000
Women Building for the Future - The Future PAC	\$35,000	-	-	-	\$35,000
JOBS PAC	\$30,000	-	-	-	\$30,000
Monterey County Republican Central Committee	\$27,900	-	-	-	\$27,900
Republican Party of Orange County	\$27,900	-	-	-	\$27,900
Californians United	-	-	\$25,000	-	\$25,000
Californians Allied for a Prosperous Economy	\$10,000	-	-	-	\$10,000
California Independent Grocers and Convenience Stores	\$3,500	\$2,500	-	-	\$6,000
TAXPAC	-	-	\$5,000	-	\$5,000
League of California Cities - Latino Caucus	-	-	\$2,756	-	\$2,756
League of California Cities	-	-	\$600	-	\$600
TOTALS	\$36,359,039	\$25,498,447	\$3,017,919	\$15,000	\$64,890,405

Contributions to State Legislators

During the two-year election cycle from January 1, 2005 to December 31, 2006, tobacco interests gave nearly \$600,000 to state legislators serving in the Assembly and the Senate as well as those just elected in November 2006 to serve for the 2007-2008 legislative session. Out of the 119 legislators serving at the end of the 2005-2006 legislative session (there are 80 Assembly Members and 40 Senators but there was one Assembly seat vacant at the end of the session), tobacco interests gave money to 62 members of the California state legislature or 52 percent. This is an increase from the 2003-2004 election cycle, when tobacco interests made contributions to 57 members or 48 percent. In addition, tobacco interests gave money to 22 out of 39 incoming Assembly Members and Senators elected in November 2006. Tobacco interests, like other contributors, were allowed to donate up to \$3,300 per candidate per election (primary and general elections are two separate elections) and \$5,600 for candidates that were running for statewide office.

Table 2 shows the amount of money given by tobacco interests to State Senators between January 1, 2005 and December 31, 2006. More than half of the 40 Senators (21 total) received money from tobacco interests, an increase from 18 Senators in the previous election cycle. The November 2006 general election featured contests in all of the even-numbered Senate districts, while Senators representing odd-numbered districts are not up for reelection until 2008. Despite not being up for reelection, 11 of the 20 Senators that did not have a Senate election in November 2006 still received contributions from tobacco interests during this period. Many of these candidates already have committees set up for future elections and the contributions from tobacco interests were given to these committees.

All 80 of the Assembly districts were included in the November 2006 election. **Table 3** shows the tobacco interests' contributions to these legislators. Because of term limits (individuals can only serve in the Assembly for 6 years), almost half of the 2005-2006 Assembly roster was ineligible to run for reelection to the Assembly. However, many of these members ran for election to the Senate in 2006 or continued to take contributions for future elections. A total of 41 Assembly Members accepted money from tobacco interests

during this two year period, with 15 members receiving more than \$10,000 in contributions. During the 2003-2004 election cycle, 39 Assembly members accepted contributions.

There are two former members who served during the 2005-2005 legislative session but are not listed in Table 2 and Table 3 because those tables include the members that were serving at the end of the session. The other two members who served during the 2005-2006 legislative session are John Campbell, who served as a State Senator prior to his election to Congress in December 2005 and Mike Gordon, who served as an Assembly Member prior to his death from cancer in June 2005. John Campbell received \$4,300 in contributions from tobacco interests and Mike Gordon did not receive any contributions from tobacco interests.

Table 4 includes campaign contributions from tobacco interests to newly elected members of the California State Senate and State Assembly for the 2007-2008 legislative session. There are 12 total new Senators, with seven of these Senators coming directly from having served in the Assembly in the previous legislative session. Table 4 does not include those seven Senators as their information can already be found in Table 3.

There are 36 new members of the Assembly, with two having come directly from serving in the State Senate in the previous legislative session. Table 4 does not include information for these two members, as their information can be found in Table 2. During this campaign cycle, tobacco interests gave money to 21 out of 34 incoming Assembly Members and gave more than \$94,000 total to these members.

Tobacco interests did not make any contributions to candidates that lost in the general election for an Assembly or Senate seat. However, they did contribute to candidates that were defeated in the June 2006 primary election. Tobacco interests gave \$25,400 to a total of eight candidates that were unsuccessful in winning their parties' nomination for the November 2006 general election.

Table 2: Contributions to 2005-2006 State Senators from Tobacco Interests (January 1, 2005- December 31, 2006)

Party/ District	Senator	Altria Group Inc.'s Affiliates (Philip Morris)	RJ Reynolds Tobacco Company	UST Inc. (US Smokeless Tobacco Company)	California Distributors Association PAC	Totals
R-04	Aanestad, Sam	\$6,600	-	-	-	\$6,600
R-33	Ackerman, Richard	\$3,300	\$3,000	\$3,000	-	\$9,300
D-20	Alarcon, Richard	-	-	-	-	-
D-13	Alquist, Elaine	-	-	-	-	-
R-18	Ashburn, Roy	\$3,300	\$3,750	-	-	\$7,050
R-37	Battin, Jim	\$3,300	\$3,000	\$2,000	-	\$8,300
D-28	Bowen, Debra	-	-	-	-	-
D-22	Cedillo, Gilbert	-	-	-	-	-
D-02	Chesbro, Wesley	-	-	-	-	-
R-01	Cox, Dave	\$6,600	\$2,000	-	-	\$8,600
R-12	Denham, Jeffrey	-	\$1,000	\$3,300	-	\$4,300
D-40	Ducheny, Denise Moreno	\$3,300	\$1,000	-	-	\$4,300
D-34	Dunn, Joseph	-	-	-	-	-
R-31	Dutton, Robert	\$6,600	\$2,500	-	-	\$9,100
D-30	Escutia, Martha	-	-	-	-	-
D-10	Figuroa, Liz	-	-	-	-	-
D-16	Florez, Dean	\$6,600	-	-	\$2,000	\$8,600
R-35	Harman, Tom	\$4,800	\$4,800	-	-	\$9,600
R-36	Hollingsworth, Dennis	\$3,300	-	\$2,000	-	\$5,300
D-39	Kehoe, Christine	-	-	-	-	-
D-23	Kuehl, Sheila	-	-	-	-	-
D-27	Lowenthal, Alan	-	-	-	-	-
D-05	Machado, Michael	-	-	-	\$1,000	\$1,000
R-15	Maldonado, Abel	\$3,300	-	-	-	\$3,300
R-29	Margett, Bob	\$3,300	-	-	-	\$3,300
R-19	McClintock, Tom	\$8,900	\$2,650	-	-	\$11,550
D-03	Migden, Carol	\$3,300	-	-	\$1,000	\$4,300
R-38	Morrow, Bill	-	\$2,600	-	-	\$2,600
D-26	Murray, Kevin	\$2,400	-	-	\$1,000	\$3,400
D-06	Ortiz, Deborah	-	-	-	-	-
D-09	Perata, Don	-	-	-	-	-
R-14	Poochigian, Charles	\$5,600	\$2,500	-	-	\$8,100
D-24	Romero, Gloria	-	-	-	-	-
R-17	Runner, George	\$6,600	\$1,000	\$1,200	-	\$8,800
D-21	Scott, Jack	-	-	-	-	-
D-11	Simitian, Joe	-	-	-	-	-
D-32	Soto, Nell	-	-	-	-	-
D-08	Speier, Jackie	-	-	-	-	-
D-07	Torlakson, Tom	-	-	-	-	-
D-25	Vincent, Edward	\$3,300	-	-	-	\$3,300
TOTALS		\$84,400	\$29,800	\$11,500	\$5,000	\$130,700

Table 3: Contributions to 2005-2006 Assembly Members from Tobacco Interests (January 1, 2005- December 31, 2006)

Party/ District	Assembly Member	Altria Group Inc.'s Affiliates (Philip Morris)	RJ Reynolds Tobacco Company	UST Inc. (US Smokeless Tobacco Company)	California Distributors Association PAC	Totals
R-26	Aghazarian, Greg	\$6,600	\$2,500	-	-	\$9,100
D-31	Arambula, Juan	-	-	-	-	-
D-62	Baca Jr., Joe	\$3,300	\$4,400	\$1,000	-	\$8,700
D-47	Bass, Karen	-	-	-	-	-
R-64	Benoit, John	\$6,600	\$3,500	\$1,500	-	\$11,600
D-01	Berg, Patty	-	-	-	-	-
D-56	Bermúdez, Rudy	-	-	-	-	-
R-33	Blakeslee, Sam	-	-	-	-	-
R-65	Bogh, Russ	\$3,300	\$3,000	\$6,818	-	\$13,118
D-58	Calderon, Ronald	\$6,600	\$5,000	\$3,500	-	\$15,100
D-11	Canciamilla, Joseph	\$3,300	-	-	-	\$3,300
D-16	Chan, Wilma	-	-	-	-	-
D-57	Chavez, Ed	-	-	-	-	-
D-49	Chu, Judy	-	-	-	-	-
R-25	Cogdill, David	\$6,600	\$2,000	\$3,000	\$3,200	\$14,800
D-24	Cohn, Rebecca	\$500	-	-	-	\$500
D-23	Coto, Joe	\$6,600	-	-	-	\$6,600
R-72	Daucher, Lynn	-	\$5,700	-	\$2,000	\$7,700
D-50	De La Torre, Hector	-	-	-	-	-
R-70	DeVore, Chuck	\$6,600	\$2,300	-	-	\$8,900
D-52	Dymally, Mervyn	-	-	-	-	-
R-63	Emmerson, Bill	\$6,600	\$1,500	-	-	\$8,100
D-07	Evans, Noreen	-	-	-	-	-
D-43	Frommer, Dario	-	-	-	-	-
R-80	Garcia, Bonnie	\$6,600	\$6,200	\$4,228	-	\$17,028
D-45	Goldberg, Jackie	-	-	-	-	-
D-14	Hancock, Loni	-	-	-	-	-
67	Vacancy*	-	-	-	-	-
R-66	Haynes, Ray	\$3,300	\$1,000	\$1,000	-	\$5,300
D-51	Horton, Jerome	\$5,200	\$2,000	-	\$3,700	\$10,900
R-78	Horton, Shirley	\$3,300	\$6,050	\$2,000	-	\$11,350
R-15	Houston, Guy	\$6,600	\$4,000	\$2,000	-	\$12,600
R-60	Huff, Bob	\$6,600	\$1,000	-	-	\$7,600
D-09	Jones, Dave	-	-	-	-	-
D-54	Karnette, Betty	-	-	-	\$1,000	\$1,000
R-03	Keene, Rick	\$6,600	\$3,250	\$3,000	-	\$12,850
D-18	Klehs, Johan	-	-	-	-	-
D-42	Koretz, Paul	-	-	-	-	-
R-02	La Malfa, Doug	\$6,600	\$3,750	-	\$3,000	\$13,350
R-77	La Suer, Jay	\$3,300	-	-	-	\$3,300
D-27	Laird, John	-	-	-	-	-

* Tom Harman was elected to SD-35 in June 2006. His seat in the Assembly was vacant for the remainder of the 2005-2006 legislative session.

Table 3: Contributions to 2005-2006 Assembly Members from Tobacco Interests (January 1, 2005- December 31, 2006)

continued

Party/ District	Assembly Member	Altria Group Inc.'s Affiliates (Philip Morris)	RJ Reynolds Tobacco Company	UST Inc. (US Smokeless Tobacco Company)	California Distributors Association PAC	Totals
D-13	Leno, Mark	-	-	-	-	-
R-04	Leslie, Tim	-	\$1,500	-	-	\$1,500
D-40	Levine, Lloyd	-	-	-	-	-
D-22	Lieber, Sally	-	-	-	-	-
D-53	Lieu, Ted	-	-	-	-	-
D-44	Liu, Carol	-	-	-	-	-
D-17	Matthews, Barbara	-	-	-	-	-
R-34	Maze, Bill	\$6,600	\$1,500	-	-	\$8,100
R-32	McCarthy, Kevin	\$3,300	\$2,000	\$4,478	-	\$9,778
D-39	Montañez, Cindy	-	-	-	-	-
R-59	Mountjoy, Dennis	\$3,300	\$2,500	-	-	\$5,800
D-19	Mullin, Gene	-	-	-	-	-
R-10	Nakanishi, Alan	-	-	-	-	-
D-06	Nation, Joe	-	-	-	-	-
D-35	Nava, Pedro	-	-	-	-	-
D-61	Negrete McLeod, Gloria	\$6,600	-	-	\$2,000	\$8,600
R-05	Niello, Roger	\$3,300	\$2,000	-	-	\$5,300
D-46	Núñez, Fabian	\$3,300	-	-	-	\$3,300
D-55	Oropeza, Jenny	-	-	-	-	-
D-30	Parra, Nicole	\$6,600	-	-	\$1,000	\$7,600
D-41	Pavley, Fran	-	-	-	-	-
R-75	Plescia, George	\$6,600	\$6,000	\$6,599	\$1,500	\$20,699
R-38	Richman, Keith	-	-	-	-	-
D-48	Ridley-Thomas, Mark	-	-	-	-	-
R-36	Runner, Sharon	\$6,600	\$1,000	\$2,200	-	\$9,800
D-21	Ruskin, Ira	-	-	-	-	-
D-76	Saldaña, Lori	-	-	-	-	-
D-28	Salinas, Simon	-	-	-	-	-
R-71	Spitzer, Todd	\$6,600	\$2,500	-	\$1,000	\$10,100
R-37	Strickland, Audra	\$6,600	\$4,500	\$3,250	-	\$14,350
D-20	Torricono, Alberto	-	-	-	\$2,000	\$2,000
R-68	Tran, Van	\$6,600	\$1,000	-	-	\$7,600
D-69	Umberg, Tom	\$3,300	-	-	-	\$3,300
D-79	Vargas, Juan	-	-	-	-	-
R-29	Villines, Mike	\$6,600	\$2,750	\$4,250	-	\$13,600
R-73	Walters, Mimi	\$6,600	\$2,000	-	-	\$8,600
D-08	Wolk, Lois	-	-	-	-	-
R-74	Wyland, Mark	\$6,600	\$3,200	\$3,300	-	\$13,100
D-12	Yee, Leland	-	-	-	\$1,000	\$1,000
	TOTALS	\$193,800	\$89,600	\$52,123	\$21,400	\$356,923

Table 4: Contributions to New State Senators and Assembly Members from Tobacco Interests (January 1, 2005- December 31, 2006)

Party/ District	Senator	Altria Group Inc.'s Affiliates (Philip Morris)	RJ Reynolds Tobacco Company	UST Inc. (US Smokeless Tobacco Company)	California Distributors Association PAC	Totals
D-10	Corbett, Ellen	-	-	-	-	-
D-34	Correa, Lou	\$3,300	-	-	\$1,000	\$4,300
D-20	Padilla, Alex	-	-	-	-	-
D-06	Steinberg, Darrell	-	-	-	-	-
D-02	Wiggins, Patricia	-	-	-	-	-
	Assembly Member					
R-59	Adams, Anthony	\$3,300	-	-	-	\$3,300
R-77	Anderson, Joel	\$3,300	\$2,000	-	-	\$5,300
D-24	Beall Jr., Jim	-	-	-	-	-
R-25	Berryhill, Tom	\$6,600	-	-	-	\$6,600
D-41	Brownley, Julia	-	-	-	-	-
D-28	Caballero, Anna	\$3,300	-	-	-	\$3,300
D-58	Calderon, Charles	\$6,600	\$4,300	\$3,500	-	\$14,400
D-62	Carter, Wilmer	\$3,300	-	-	-	\$3,300
R-65	Cook, Paul	\$3,300	-	-	-	\$3,300
D-48	Davis, Mike	\$3,300	-	-	-	\$3,300
D-45	de Leon, Kevin	-	-	-	-	-
D-11	DeSaulnier, Mark	-	-	-	-	-
R-72	Duvall, Michael	\$3,300	\$1,000	-	-	\$4,300
D-49	Eng, Mike	-	-	-	-	-
D-42	Feuer, Mike	-	-	-	-	-
R-32	Fuller, Jean	\$3,300	-	-	\$1,000	\$4,300
R-04	Gaines, Ted	\$4,800	-	-	-	\$4,800
D-17	Galgiani, Cathleen	\$3,300	-	-	-	\$3,300
R-74	Garrick, Martin	\$3,300	-	-	-	\$3,300
D-18	Hayashi, Mary	-	-	-	-	-
D-57	Hernandez, Edward	-	-	-	-	-
D-06	Huffman, Jared	-	-	-	-	-
R-66	Jeffries, Kevin	\$3,300	-	-	-	\$3,300
D-43	Krekorian, Paul	-	-	-	-	-
D-12	Ma, Fiona	\$3,300	-	-	-	\$3,300
D-56	Mendoza, Tony	-	-	-	\$1,000	\$1,000
D-44	Portantino, Anthony	-	-	-	-	-
D-51	Price, Curren	\$3,300	-	\$2,000	\$1,000	\$6,300
D-55	Richardson, Laura	\$3,300	-	-	-	\$3,300
D-79	Salas, Mary	-	-	-	-	-
R-67	Silva, Jim	\$3,300	-	-	-	\$3,300
R-38	Smyth, Cameron	\$6,600	-	-	-	\$6,600
D-69	Solorio, Jose	-	-	-	-	-
D-16	Swanson, Sandre	\$3,300	-	\$1,000	-	\$4,300
TOTALS		\$80,700	\$7,300	\$6,500	\$4,000	\$98,500

Contributions to Constitutional Officers

Tobacco interests also gave contributions to candidates for constitutional offices, which includes statewide offices and the four Board of Equalization districts. While not being able to vote on tobacco-related legislation as state legislators can, these elected officials influence laws and government actions related to

the tobacco industry. For example, the State Board of Equalization oversees the administration of cigarette and tobacco products taxes and tobacco licensing statutes. **Table 5** shows contributions to constitutional officers who were elected in 2006.

Table 5: Contributions to Constitutional Officers from Tobacco Interests (January 1, 2005- December 31, 2006)

Statewide Office	Name of Official	Altria Group Inc.'s Affiliates (Philip Morris)	RJ Reynolds Tobacco Company	UST Inc. (US Smokeless Tobacco Company)	California Distributors Association PAC	Totals
Governor	Schwarzenegger, Arnold	-	-	-	-	-
Lieutenant Governor	Garamendi, John	-	-	-	-	-
Secretary of State	Bowen, Debra	-	-	-	-	-
Controller	Chiang, John	-	-	-	-	-
Treasurer	Lockyer, Bill	-	-	-	-	-
Attorney General	Brown, Jerry	\$5,600	-	-	-	\$5,600
Superintendent of Public Instruction	O'Connell, Jack	-	-	-	-	-
Insurance Commissioner	Poizner, Steve	-	-	-	-	-
Board of Equalization District 1	Yee, Betty	-	-	-	-	-
Board of Equalization District 2	Leonard, Bill	\$5,600	-	-	\$2,000	\$7,600
Board of Equalization District 3	Steel, Michelle	\$3,000	-	\$1,500	-	\$4,500
Board of Equalization District 4	Chu, Judy	-	-	-	-	-
TOTALS		\$14,200	\$0	\$1,500	\$2,000	\$17,700

Historical Campaign Contributions

Between 1997 and 2006, tobacco interests have never spent less than \$1.8 million during a two-year election cycle to help elect candidates and to influence voters on tobacco-related ballot measures. Due in large part to the massive amount of spending to oppose ballot initiatives to raise the tax on tobacco products in 1998

and 2006, the tobacco interests have spent over \$105 million during this ten-year period. **Table 6** shows the cumulative totals of how much money tobacco interests have contributed to candidates and campaigns over the past decade.

Table 6: Historical Contributions from Tobacco Interests (1997-2006)

Company	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	Totals
Altria Group Inc.'s Affiliates (Phillip Morris) *	\$22,141,255	\$1,219,581	\$1,081,751	\$2,239,254	\$37,693,262	\$64,375,103
RJ Reynolds Tobacco Company	\$1,069,937	\$394,575	\$316,250	\$202,600	\$25,732,898	\$27,716,260
Brown & Williamson **	\$5,139,976	\$207,520	\$270,000	\$24,500	-	\$5,641,996
UST Inc. (US Smokeless Tobacco Company) ***	\$320,530	\$192,779	\$76,792	\$327,768	\$3,097,642	\$4,015,511
Lorillard Tobacco Company	\$2,861,463	\$45,500	\$40,500	\$61,500	\$15,000	\$3,023,963
Tobacco Institute	\$588,067	-	-	-	-	\$588,067
California Distributors Association PAC ****	-	\$11,331	\$57,250	\$39,400	\$34,400	\$142,381
Smokeless Tobacco Council	-	\$15,750	-	-	-	\$15,750
TOTALS	\$32,121,228	\$2,087,036	\$1,842,543	\$2,895,022	\$66,573,202	\$105,519,031

* Kraft and Philip Morris currently file a joint report under the name Altria Group, Inc.'s Affiliates (Philip Morris USA Inc. and Kraft Foods Global, Inc.), the campaign finance figures in this report contained all Altria Group contributions.

** Brown & Williamson merged with RJ Reynolds in August 2004

*** US Smokeless Tobacco Company files under the name UST Inc., which also includes UST Public Affairs. The campaign finance figures in this report contain all UST Inc. contributions.

**** California Distributors Association PAC includes contributions from October 2000 to the present.

Lobbying Expenditures and Legislation Lobbied

Table 7 includes information on the amount spent by tobacco interests lobbying the legislature, as well as the actual legislation on which they lobbied from January 1, 2005 through December 31, 2006. This table breaks down this information by each reporting period, which are the four quarters (January through March, etc.) in both 2005 and 2006. The tobacco interests are lobbyist employers and, like all other lobbyist employers, required by law to file their expenditure reports ev-

ery three months. Lobbying expenditures include gifts, honoraria, consulting fees and salaries related to their effort to influence the actions of the legislature or state agencies. During this two year period, tobacco interests lobbied bills on tobacco licensing, Internet sales of tobacco, and tobacco tax increase. In all, tobacco interests spent over \$2 million on lobbying during this two-year period to influence more than 20 legislative bills and administrative actions.

Table 7: Lobbying Expenditures and Legislation Lobbied by Tobacco Interests (January 1, 2005 – December 31, 2006)

Philip Morris USA, Inc.

Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2005	\$107,715.87	AB 178 (Koretz) Fire Safe Cigarettes AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control SB 564 (Torlakson) Tobacco Tax Increase
2nd Quarter 2005	\$122,102.03	AB 178 (Koretz) Fire Safe Cigarettes SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control
3rd Quarter 2005	\$106,216.44	AB 178 (Koretz) Fire Safe Cigarettes AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control
4th Quarter 2005	\$112,342.43	AB 528 (Frommer) Enforcement of Public Health/Nuisance Laws
1st Quarter 2006	\$105,161.68	AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 1208 (Ortiz) Internet Sales of Tobacco
2nd Quarter 2006	\$121,160.99	AB 1749 (Horton) Tobacco Licensing (technical/clean-up) AB 1800 (Laird) Budget Act of 2006 SB 1159 (Committee on Budget and Fiscal Review) Budget Act of 2006 SB 1274 (Dunn) Trade and Business Monopolies California Fire Marshall: Reduced Cigarette Ignition Propensity Implementation
3rd Quarter 2006	\$101,772.74	AB 1749 (Horton) Tobacco Licensing (technical/clean-up)
4th Quarter 2006	\$108,221.50	-
TOTAL	\$884,693.68	

RJ Reynolds Tobacco Company

Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2005	\$69,299.74	AB 17 (Koretz) Smoke Free State Beaches AB 178 (Koretz) Fire Safe Cigarettes AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control
2nd Quarter 2005	\$97,936.93	AB 17 (Koretz) Smoke Free State Beaches AB 117 (Cohn) Tax Equity Allocation AB 178 (Koretz) Fire Safe Cigarettes AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control SB 178 (Poochigian) Private Self-Insurance Groups SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control
3rd Quarter 2005	\$69,903.25	AB 17 (Koretz) Smoke Free State Beaches AB 178 (Koretz) Fire Safe Cigarettes AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control
4th Quarter 2005	\$79,236.29	-
1st Quarter 2006	\$71,171.07	SB 1208 (Ortiz) Internet Sales of Tobacco
2nd Quarter 2006	\$71,818.35	SB 1208 (Ortiz) Internet Sales of Tobacco
3rd Quarter 2006	\$67,180.34	-
4th Quarter 2006	\$71,961.04	-
TOTAL	\$598,507.01	

UST Public Affairs, Inc (US Smokeless Tobacco Company)

Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2005	\$98,292.16	SB 564 (Torlakson) Tobacco Tax Increase Board of Equalization – Other Tobacco Products (OTP) Tax
2nd Quarter 2005	\$522.00	SB 564 (Torlakson) Tobacco Tax Increase
3rd Quarter 2005	\$96,443.93	AB 1029 (Horton) Tobacco Licensing: Non Face-to-Face Sales AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 564 (Torlakson) Tobacco Tax Increase
4th Quarter 2005	\$867.96	Internet Sale of Tobacco
1st Quarter 2006	\$98,381.09	SB 1208 (Ortiz) Internet Sales of Tobacco Governor's Office – Tobacco Tax Initiative
2nd Quarter 2006	\$0.00	AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 564 (Torlakson) Tobacco Tax Increase SB 1208 (Ortiz) Internet Sales of Tobacco
3rd Quarter 2006	\$96,000.00	AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 1208 (Ortiz) Internet Sales of Tobacco
4th Quarter 2006	\$629.89	-
TOTAL	\$391,137.03	

Lorillard Tobacco Company

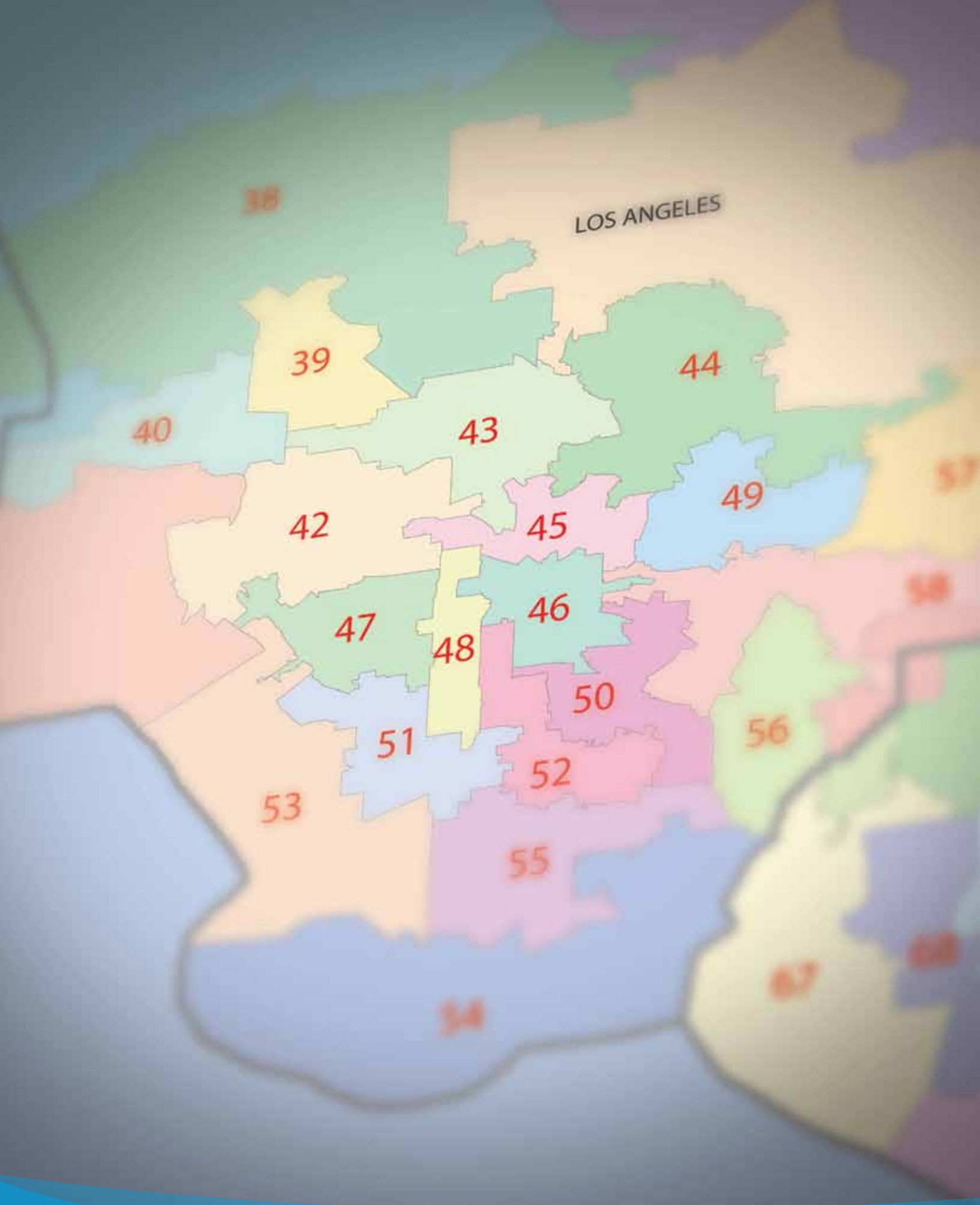
Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2005	\$38,965.16	AB 17 (Koretz) Smoke Free State Beaches AB 178 (Koretz) Fire Safe Cigarettes AB 1029 (Horton) Tobacco Licensing: Non Face-to-Face Sales AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control AB 1700 (Pavley) Secrecy Agreements and Public Danger AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 29 (Perata) Prop. 99 E.R. Funding Trailer Bill (technical) SB 34 (Florez) Children and Families Program (Prop. 10) – County Commission Membership SB 35 (Florez) Children and Families Program (Prop. 10) - Audits SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control
2nd Quarter 2005	\$66,735.44	AB 17 (Koretz) Smoke Free State Beaches AB 178 (Koretz) Fire Safe Cigarettes AB 392 (Chan) County Program Integration AB 1029 (Horton) Tobacco Licensing: Non Face-to-Face Sales AB 1389 (Oropeza) Increased Fines for Cigarette Littering AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control AB 1700 (Pavley) Secrecy Agreements and Public Danger AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 29 (Perata) Prop. 99 E.R. Funding Trailer Bill (technical) SB 34 (Florez) Children and Families Program (Prop. 10) – County Commission Membership SB 35 (Florez) Children and Families Program (Prop. 10) - Audits SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control
3rd Quarter 2005	\$42,999.65	AB 17 (Koretz) Smoke Free State Beaches AB 178 (Koretz) Fire Safe Cigarettes AB 892 (Cogdill) Tax Statements for Tobacco Products AB 1029 (Horton) Tobacco Licensing: Non Face-to-Face Sales AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control AB 1700 (Pavley) Secrecy Agreements and Public Danger AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 29 (Perata) Prop. 99 E.R. Funding Trailer Bill (technical) SB 34 (Florez) Children and Families Program (Prop. 10) – County Commission Membership SB 35 (Florez) Children and Families Program (Prop. 10) - Audits SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control Board of Equalization: Excise Tax, anti-counterfeiting issues
4th Quarter 2005	\$38,501.66	AB 17 (Koretz) Smoke Free State Beaches AB 178 (Koretz) Fire Safe Cigarettes AB 1029 (Horton) Tobacco Licensing: Non Face-to-Face Sales AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control AB 1700 (Pavley) Secrecy Agreements and Public Danger AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 29 (Perata) Prop. 99 E.R. Funding Trailer Bill (technical) SB 34 (Florez) Children and Families Program (Prop. 10) – County Commission Membership SB 35 (Florez) Children and Families Program (Prop. 10) - Audits SB 564 (Torlakson) Tobacco Tax Increase SB 942 (Chesbro) Cigarettes Fees for Litter Clean up, Tobacco Control
1st Quarter 2006*	-	-
2nd Quarter 2006	-	-
3rd Quarter 2006	-	-
4th Quarter 2006	-	-
TOTAL	\$187,201.91	

* Lorillard terminated lobbying in December 2005.

California Distributors Association*

Quarter	Amount Spent	Bills/Issues Lobbied
1st Quarter 2005	\$12,844.00	AB 178 (Koretz) Fire Safe Cigarettes AB 892 (Cogdill) Statements of Paid Tobacco Taxes AB 1029 (Horton) Tobacco Licensing: Non Face-to-Face Sales AB 1389 (Oropeza) Increased Fines for Cigarette Littering AB 1612 (Pavley) Cigarettes Fees for Litter Clean up, Tobacco Control AB 1749 (Horton) Tobacco Licensing (technical/clean-up) SB 564 (Torlakson) Tobacco Tax Increase
2nd Quarter 2005	\$12,000.00	AB 178 (Koretz) Fire Safe Cigarettes AB 892 (Cogdill) Statements of Paid Tobacco Taxes SB 564 (Torlakson) Tobacco Tax Increase
3rd Quarter 2005	\$12,000.00	AB 892 (Cogdill) Statements of Paid Tobacco Taxes SB 29 (Perata) Prop. 99 E.R. Funding Trailer Bill (technical)
4th Quarter 2005	\$12,140.00	-
1st Quarter 2006	\$12,420.00	AB 1749 (Horton) Tobacco Licensing (technical/clean-up) AB 2001 (Cogdill) Cigarette and Tobacco Products Tax AB 3069 (Horton) Cigarette and Tobacco Products Licensing
2nd Quarter 2006	\$12,960.00	AB 1749 (Horton) Tobacco Licensing (technical/clean-up) AB 2001 (Cogdill) Cigarette and Tobacco Products Tax SB 1208 (Ortiz) Internet Sales of Tobacco
3rd Quarter 2006	\$12,480.00	AB 1749 (Horton) Tobacco Licensing (technical/clean-up) AB 2001 (Cogdill) Cigarette and Tobacco Products Tax SB 1208 (Ortiz) Internet Sales of Tobacco
4th Quarter 2006	\$12,480.00	-
TOTAL	\$99,324	

*The 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.



LOS ANGELES

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Historical Lobbying Expenditures

Tobacco companies have spent over \$15 million in the last decade on lobbying. Through these expenses, tobacco companies influence key legislators and oppose legislation that would impact the tobacco indus-

try. **Table 8** shows the amount of money these companies have spent on lobbying over the past decade.

Table 8: Historical Lobbying Expenditures of Tobacco Interests (1997-2006)

Company	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	Totals
Phillip Morris USA Inc.*	\$1,678,748	\$714,986	\$799,693	\$1,070,237	\$884,694	\$5,148,358
RJ Reynolds Tobacco Company	\$790,714	\$472,184	\$615,058	\$489,916	\$598,507	\$2,966,379
Brown & Williamson**	\$799,467	\$611,531	\$587,781	\$304,239	-	\$2,303,018
UST Public Affairs, Inc. (US Smokeless Tobacco Company)	\$370,066	\$210,077	\$310,073	\$465,446	\$391,137	\$1,746,799
Lorillard Tobacco Co.***	\$86,272	\$206,815	\$493,975	\$381,657	\$187,202	\$1,355,921
Smokeless Tobacco Council ****	\$256,624	\$197,317	\$263,817	\$67,500	-	\$785,258
Tobacco Institute	\$713,357	-	-	-	-	\$713,357
California Distributors Association*****	-	\$20,564	\$87,537	\$95,378	\$99,324	\$302,803
TOTALS	\$4,695,248	\$2,433,474	\$3,157,934	\$2,874,373	\$2,160,864	\$15,321,893

* Philip Morris does not file under the Altria Group Inc.'s Affiliates name on lobbying reports but uses the Philip Morris USA Inc. name.

** Brown and Williamson merged with RJ Reynolds in August 2004.

*** Lorillard terminated lobbying in December 2005.

**** Smokeless Tobacco Council terminated lobbying in December 2003.

***** California Distributors Association includes data from the last 2 quarters of 2000 to the present.

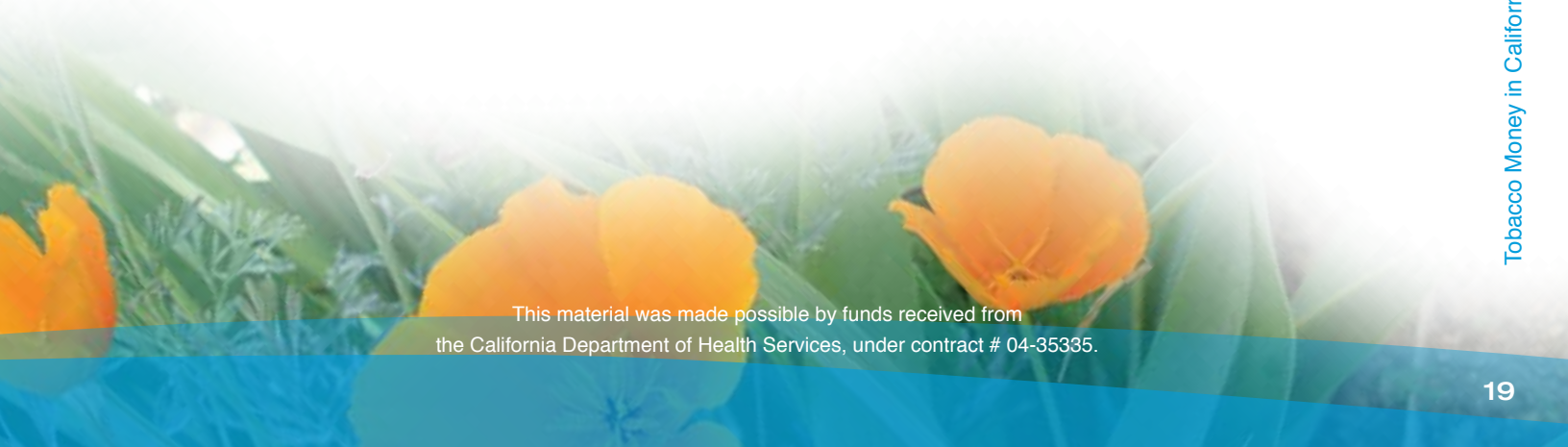
Conclusion

Since the adoption of Proposition 99 in 1988 that increased the state tobacco tax and earmarked 20 percent for tobacco prevention and control programs, California's Department of Health Services and advocacy groups such as the American Lung Association, American Cancer Society and American Heart Association have waged an aggressive fight to denormalize tobacco use. Because of these efforts, California leads the world in protections from exposure to secondhand smoke, especially in workplaces, restaurants and bars. California has the second lowest adult smoking rates in the nation at 13.3 percent and the rate of lung cancer is declining three and a half times faster in California than it is in the rest of the nation.

Yet the costs of tobacco use in California remain high. There are still nearly four million smokers in California and more than 40,000 people die each year from smoking. Smoking-related costs place a tremendous strain on the economy as well as state and local budgets, costing Californians \$15.8 billion annually in health care costs and lost productivity.

Tobacco Money in California Politics shows that tobacco

interests will continue to spend millions of dollars to influence the direction of tobacco control policy and to reverse positive public health outcomes. This report demonstrates the enormous financial presence that the tobacco interests still have in California through spending on campaign contributions and lobbying expenditures and the large role that they play in legislation voted on in Sacramento and ballot measures voted on statewide. More importantly, the amount of spending has not decreased over time, but rather spending by tobacco interests reached a new high during the 2005-2006 election cycle. The threat of an increased tax on tobacco products in the November 2006 election further underscored that the tobacco interests will spend tens of millions of dollars to fight statewide ballot initiatives beyond the millions of dollars they already spend to influence California policy through campaign contributions and lobbying expenditures.



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