



Lobbying Expenditures of Tobacco Interests in California

2009-2010 Election Cycle: January – September 2009

This policy report details the lobbying expenditures of tobacco interests for the first nine 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 nine months of 2009, tobacco interests have spent nearly \$1.5 million on lobbying and have lobbied twelve tobacco-related bills. This spending is ahead of the pace from the previous election cycle, due in part to bills related to increasing the tobacco tax that the California Legislature considered during its 2009 legislative session. The legislature held committee or floor votes on three bills that would have increased the state tobacco tax. In particular, Philip Morris USA Inc. increased its spending and has spent more in the first nine months of 2009 on lobbying than it did during the entire two years of three of the previous four election cycles.

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 legislative session. The figures on lobbying expenditures in this update come from the first three 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 – September 30, 2009)

Table 1 shows the amount of money spent by each tobacco interest to lobby the California Legislature during the first three reporting quarters of 2009 and which bills they lobbied. During this time, tobacco interests spent nearly \$1.5 million to lobby the legislature on 12 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
TOTAL	\$1,103,113.50	

*Philip Morris filed an amendment to its 2nd Quarter lobbying report. This update contains the spending figures that were reported on the amended report.

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
TOTAL	\$186,225.74	

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

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)
TOTAL	\$166,500.00	

**Table 1: Lobbying Expenditures and Legislation Lobbied by Tobacco Interests
(January 1, 2009 – September 30, 2009)**

(continued)

California Distributors Association*

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
TOTAL	\$39,381.60	

*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.

**Table 2: Historical Lobbying Expenditures of Tobacco Interests
(January 1, 2001 – September 30, 2009)**

Table 2 shows the historical spending of tobacco interests on lobbying expenditures from 2001 through the first nine months of 2009. During this time period, tobacco interests have spent more than \$12.3 million on lobbying expenditures.

Company	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010 (1/1/09 - 9/30/09)	Totals
Altria Client Services Inc. and its Affiliates (Phillip Morris USA Inc.)	\$799,693	\$1,070,237	\$884,694	\$1,680,953	\$1,103,114	\$5,538,690
Reynolds American Inc. (R.J. Reynolds Tobacco Company)	\$615,058	\$489,916	\$598,507	\$469,646	\$186,226	\$2,359,352
UST Public Affairs, Inc. (US Smokeless Tobacco Company)	\$310,073	\$465,446	\$391,137	\$403,564	\$166,500	\$1,736,720
Lorillard Tobacco Company*	\$493,975	\$381,657	\$187,202	-	-	\$1,062,834
Brown & Williamson Tobacco Corporation**	\$587,781	\$304,239	-	-	-	\$892,020
California Distributors Association	\$87,537	\$95,378	\$99,324	\$104,353	\$39,382	\$425,974
Smokeless Tobacco Council, Inc.***	\$263,817	\$67,500	-	-	-	\$331,317
TOTALS	\$3,157,934	\$2,874,372	\$2,160,864	\$2,658,516	\$1,495,221	\$12,346,907

* Lorillard Tobacco Company terminated lobbying in December 2005. | ** Brown & Williamson Tobacco Corporation merged with RJ Reynolds Tobacco Company in August 2004. | *** Smokeless Tobacco Council, Inc. terminated lobbying in December 2003.