



In Governor's Hands:

May 31, 2013

# 'Little Tobacco' Fights Health-Care Fees

## It Tripled Its Lobby Spending over the Previous Session

Small cigarette companies tripled their lobby spending this session to fight paying the health-care fees that Big Tobacco pays. Outspent 8:1 by Big Tobacco, small cigarette interests failed to stop lawmakers from sending the fee bill ([H.B. 3536](#)) to the governor.

The 1990s deal that four Big Tobacco companies struck with states waived their liability in exchange for perpetual payments for smoking-related health costs (currently 55 cents a pack).<sup>1</sup> Barring a veto, Texas will become one of the last states to impose such health fees on smaller cigarette companies.

Texas' top Little Tobacco lobbyist is Jay Maguire. His [bio](#) boasts that he managed a multi-state project "to prevent the implementation of selective taxation of small tobacco manufacturers to the benefit of Big Tobacco." The [Texas Tribune](#) recently reported that Maguire simultaneously represented tobacco interests and the scandal-plagued Cancer Prevention and Research Institute of Texas Foundation.

Bristling at any notion of a conflict, Maguire told the *Tribune* that lung cancer killed his father. "I never advocate for smoking," he said. "My work is strictly limited to ensuring that Big Tobacco does not get away with using its tremendous resources to drive small competitors out of business." Maguire sidesteps the inconvenient [fact](#) that higher prices reduce tobacco consumption—and related cancer rates.

### Texas' 'Little Tobacco' Lobby

Cigarette Interest	Max. Value of Contracts In 2011	Max. Value of Contracts In 2013
Dosal Tobacco	\$0	\$75,000
Tantus Tobacco	\$25,000	\$50,000
Cheyenne International, Inc.	\$10,000	\$25,000
Global Tobacco, LLC	\$25,000	\$25,000
Global Trading, Inc.	\$10,000	\$25,000
Ind't Tobacco Escrowed Mfgs.	\$0	\$25,000
<b>TOTALS</b>	<b>\$70,000</b>	<b>\$225,000</b>

  

Lobbyist	Max. Value of Contracts	Clients
S. Jay Maguire II	\$125,000	Dosal, Tantus & Cheyenne
Ron Hinkle	\$75,000	Dosal, Global Tob./ Trading
Craig T. Enoch	\$25,000	Ind't Tobacco Escrow Mfgs.
<b>TOTAL</b>	<b>\$225,000</b>	

## Texas' Big Tobacco Lobby

Cigarette Interest	Max. Value of Contracts In 2011	Max. Value of Contracts In 2013	No. of Contracts In 2013	Spending Change (2011-2013)
Altria-Philip Morris & UST	\$1,180,000	\$965,000	16	-\$215,000
Reynolds American, Inc.	\$450,000	\$450,000	7	\$0
Commonwealth Brands, Inc.	\$450,000	\$310,000	5	-\$140,000
Swedish Match North America	\$150,000	\$50,000	1	-\$100,000
Vector Group, Ltd. (Liggett)	\$95,000	\$45,000	3	-\$50,000
<b>TOTALS</b>	<b>\$2,325,000</b>	<b>\$1,820,000</b>	<b>32</b>	<b>\$505,000</b>

Big Tobacco and other tobacco companies promoting health fees for all cigarette companies spent almost \$2 million on Texas lobbyists this

session. While this is 22 percent less than what they spent last session, it is eight times what Little Tobacco spent. (Some of the same interests faced off in the 2011 debate over whether smokeless tobacco should be [taxed by value or weight](#)).

### Top Big Tobacco Lobbyists

Lobbyist	Max. Value of Contracts	Tobacco Client(s)
Robert Johnson Jr.	\$150,000	Reynolds American
Stan Schlueter	\$150,000	Altria-Philip Morris
Trey J. Blocker	\$100,000	Commonwealth Brands
Sabrina T. Brown	\$100,000	Altria-Philip Morris
Lisa O. Kaufman	\$100,000	Commonwealth Brands
Susan Longley	\$100,000	Altria-Philip Morris
Lopez, M. Edward	\$100,000	Altria-Philip Morris
Gavin Massingill	\$100,000	Altria-Philip Morris
Don McFarlin	\$100,000	Reynolds American
Luis J. Saenz	\$100,000	Altria-Philip Morris
David M. White	\$100,000	Altria-Philip Morris
James M. Clark	\$50,000	Reynolds American
Jack K. Dillard	\$50,000	Altria-Philip Morris
Mindy R. Ellmer	\$50,000	Swedish Match
Kathy N. Hutto	\$50,000	Commonwealth Brands
Richard McBride	\$50,000	Reynolds American
Bill Messer	\$50,000	Altria-Philip Morris
Rene A. Ramirez	\$50,000	Reynolds American
Ed Small	\$50,000	Commonwealth Brands
J.E. 'Buster' Brown	\$25,000	Altria-Philip Morris
Robert D. Culley	\$25,000	Reynolds American
Robert Donaldson	\$25,000	Altria-Philip Morris
Eric Glenn	\$25,000	Altria-Philip Morris
Kraege Polan	\$25,000	Reynolds American
Jack Roberts	\$25,000	Vector Group

Big Tobacco's lobby muscle was not the only factor moving the universal-fee bill through the legislature. Promoters argued that all cigarettes should defray the health costs they create, appealing to the legislature's unending quest to offset the state's Medicaid costs.

The universal fee will become law unless the governor vetoes it. Here, again, Big Tobacco appears to have an edge. A top industry lobbyist is Luis Saenz, who ran Governor Perry's 2006 reelection campaign.

Texas Ethics Commission data report two Saenz contracts with Altria-Philip Morris, each worth up to \$100,000 apiece. Presuming this to be an erroneous duplication, this report just lists one contract between Saenz and Altria-Philip Morris for \$100,000. •

## Notes

<sup>1</sup> "Lawmakers Mull Scope of Tobacco Fees," *Austin American-Statesman*, August 15, 2012. The Big Four: Altria-Philip Morris, Lorillard, RJ Reynolds and Brown & Williamson (the last two merged into Reynolds American in 2004).