



Leaf & Trade

Washington, DC: Lawmakers Say No Tobacco Buyout This Year

Despite last-minute efforts led by US Sen. Elizabeth Dole (R-North Carolina) to tack a \$7.2 billion tobacco buyout proposal to the Federal government's omnibus spending bill, Republican leaders now say the plan is dead for this year, which means its approval would come next year at the earliest. US Rep. Walter Jones' (R-North Carolina) proposal to freeze leaf quotas at the 2003 level is also dead for the year. The US Department of Agriculture is expected to announce 2004 quota levels on December 15th. Lawmakers from tobacco-growing States said they believe their efforts will eventually pay off because they were able to get a commitment from US House leaders to move a buyout bill through committee and to the House floor next year. Any final buyout bill that emerges from future House-Senate negotiations will probably include a measure to give the Food and Drug Administration authority to regulate tobacco products. Senators from tobacco-growing States have said they are willing to support FDA regulation in exchange for a buyout. Talks on the FDA bill fell apart in the Senate in October. Philip Morris is the only major cigarette maker that supports FDA regulation. It joined health groups in lobbying against the stand-alone buyout that Dole was pushing due to concerns that this would prevent the FDA bill from moving forward. US Sen. Mitch McConnell (R-Kentucky), who drafted a \$17 billion buyout bill earlier this year, said a bill that includes a buyout and FDA regulation would probably get some time on the Senate floor in 2004. He acknowledged that some lawmakers will object to the buyout plan on fiscal grounds because the funds, which will be paid by cigarette companies, would be sent to a very small number of States (AP 11/26, Raleigh News & Observer 11/25).

Tobacco growers in southern States including Kentucky, North and South Carolina are hoping that lawmakers will eventually end leaf quotas and price

supports, even if the prospect of such action in the current session of Congress is essentially gone. Tobacco farming could still continue even after the quota system ends, but some growers, especially small farmers, may find that they cannot make enough money on the amounts they grow once the price falls. US leaf production could actually increase with the production limits gone. Critics of the quota system say that peanut farmers gave up their quotas in 2002, and the tobacco market needs to join the free market, too. Although there is still US demand for tobacco leaf, half of the amount used for cigarettes made in the US is imported, and the US share of the world tobacco market has fallen to a lowest recorded level of 8%. The number of US tobacco farmers has declined from 136,682 in 1987 to 80,000 today. Since 1998 the amount of tobacco that farmers are permitted to grow has declined 50%. Many farmers expect another cut when the USDA announces 2004 quota levels next month. (Reuters 11/26, AP 11/25).

Philip Morris Still Hopeful Of FDA Regulation

Although Philip Morris was hoping for a congressional measure to give the Food and Drug Administration regulatory authority over tobacco products, it does not appear as if the measure will pass this year. A coalition of critics including competing cigarette makers and anti-tobacco groups said that Philip Morris decided to support the FDA bill to solidify its dominant position in the US cigarette market. The critics called the bill a "Marlboro Monopoly Act" that would benefit the company by providing weak FDA oversight, blocking competition from start up companies and helping it market a "potentially less hazardous" cigarette. They say that FDA regulation would create additional barriers such as control over cigarette ingredients that the industry leader may be in a better position to handle. Philip Morris gained the support of tobacco State lawmakers, who initially opposed FDA regulation, by agreeing to support a

tobacco buyout bill that would eliminate leaf quotas. However, negotiations on the FDA bill broke down last month along partisan lines in the US Senate health committee. Last-minute efforts to tack a buyout to a large spending bill failed this past week, so the buyout could still be combined with an FDA bill (AP 11/25, AP 11/26).

Public health groups such as the Campaign for Tobacco-Free Kids, the American Cancer Society and the American Heart Association said the decision of Congressional leaders to move the omnibus appropriations bill without a tobacco quota buyout attached would give Congress the opportunity early in 2004 to pass a comprehensive bill that includes FDA authority over tobacco products (US Newswire 11/25).

Kentucky: 1.57 Million Pounds Of Burley Leaf Sold On November 26th

Kentucky burley growers sold 1.57 million pounds of leaf on November 26th for \$3.13 million, an average of \$198.34 per hundredweight, 25 cents higher than sales on November 26th, according to the Federal-State Market News Service. The highest price of the day among the seven markets reporting sales went to Owensboro growers who received an average of

\$203.40 per hundredweight, while their sales totaled 196,453 pounds for \$399,581. Morehead growers, who sold 76,534 pounds for \$145,886, received the lowest price of \$190.62 (AP 11/26).

North Carolina: Ex-Ag Commissioner Dies

Jim Graham, North Carolina's "Sodfather," who as State agricultural commissioner for 36 years pitched tobacco, poultry and pickles, died on November 20th of pneumonia at Mayview Convalescent Home. Graham, a man filled with vitality and verve, was the ultimate pitchman for North Carolina's agricultural products. He preached for crop diversity from the beginning and contributed immensely to changing the State's agriculture industry from one dominated by tobacco to one driven by pork and poultry and the growing sweet potato and cotton markets. He also bolstered farmers' confidence and defended them from anti-smoking forces. He had a reputation of being an unbeatable campaigner and defeated those who challenged him at the polls. Gov. Mike Easley said that Graham will forever be respected as a champion of agriculture with a passion to make life better for the people of the State (AP 11/20).

Product Standards

Major Cigarette Makers Fight Counterfeiting

While continuing to compete for market share, BAT, Philip Morris, Japan Tobacco and Imperial have joined forces to fight counterfeit cigarettes in the global market, which threaten to hurt sales and drive away once-loyal customers, by recruiting former law enforcement and intelligence operatives to create a worldwide network of informants and private investigators who monitor ports and find illegal production sites. According to some estimates, as many as 200 billion counterfeit cigarettes are sold every year. Government estimates say one-fourth of exported cigarettes wind up being diverted from legal channels. Those who once smuggled genuine cigarettes for profit are finding that it is more lucrative to sell cheap counterfeits. Some say cigarette makers benefited with smuggling because it evaded taxes and import restrictions that raise prices, though the companies deny that they ever condoned it. The distinction between genuine and counterfeit cigarettes,

whether they are smuggled or sold by legal means, is crucial for cigarette makers, since they profit from every genuine pack sold, whereas counterfeits could turn off customers for good because of the bad taste of counterfeits. Many companies have severed ties with distributors they know or suspect of having links to contraband networks. Some of these distributors have now switched to handling counterfeits through their long-established black market networks, some industry officials said. While counterfeiters become increasingly skilled in making imitation packaging, manufacturers are fighting back with imperceptible tweaks in packaging. However, counterfeiters are perceptive to these changes and incorporate them quickly to their fake products. Assuming a street price of \$3-6 for a pack of counterfeits, one container shipment of 425,000 packs from China, example, generates about \$1.25-2.5 million in sales for a profit of \$1-2 million (Los Angeles Times 11/24).

Corporate Affairs & Finance

Connecticut: UST Falls On Merrill Lynch Downgrade

Shares of UST Inc, parent of US Smokeless Tobacco Company, fell 4% on November 25th after Merrill Lynch analyst Martin Feldman cut his rating from "buy" to "neutral," explaining that UST's margins

may remain under pressure due to competition from low-priced brands in the moist oral snuff segment and "while we believe that tobacco equities will likely perform favorably over the next year, we do not believe that UST will outperform many of its tobacco peers." UST has launched a test product called *Husky*

to compete with an increasing number of low-priced products. Feldman said the share of the US snuff market by low-priced brands has risen to 24.6% from 20.9% in 3Q02 and 10.1% in 1Q98. He also said that he expects UST to raise its annual dividend by 4% to \$2.08 per share in December. UST's board has raised the dividend every year since 1965 except one. UST shares fell \$1.45 to \$34.98 in morning trading on the New York Stock Exchange on November 25th. UST is scheduled to meet with analysts and investors in New York on December 2nd. Goldman Sachs analyst Judy Hong reiterated on November 25th her "in-line" rating on UST within the context of an "attractive" view of the tobacco sector, writing that "we do not envision significant stock price appreciation until we see evidence of stronger sales trends" (Reuters 11/25).

Connecticut: MeadWestvaco To Present At Paper Industry Conference

Paper manufacturer MeadWestvaco Corporation said November 25th that its chairman and CEO John Luke, Jr will present at the Global Paper, Forest Products & Packaging Conference hosted by Smith Barney Citigroup in New York City on December 4th. The presentation can be accessed via www.meadwestvaco.com (PR Newswire 11/25).

Illinois: RJR Selected For Zacks #1 Stock List
Illinois-based Zacks.com has selected R.J. Reynolds Tobacco Holdings, Inc. as one of the Zacks #1 Ranked stocks, placing it among a group that has produced an average annual return of 31.35% since 1988 and has gained 13.3% annually since 2000. According to Zacks.com, RJR appears to be heading in the right direction and earnings are beginning to look very strong. Zacks said that RJR's third-quarter financial report reflects changes related to the company's restructuring announced in September. Zacks noted that the company's full-year forecast has been revised to include the impairment charges as well as some favorable adjustments (Business Wire 11/26).

New York: Loews Corp Completes Sale Of 18.1 Million Shares Of Carolina Group Stock

On November 25th, Loews Corporation said that it completed the previously announced sale of 18,055,000 shares of its Carolina Group stock, the tracking stock associated with the company's tobacco unit subsidiary Lorillard, Inc. The net proceeds of about \$399 million have been allocated to the Loews Group and will be used for general corporate purposes. The sale included the full exercise of the underwriters' over-allotment options, in a public offering through Citigroup Global Markets Inc. and Morgan Stanley. Following the sale, Loews said about 58 million

common shares of Carolina Group stock were outstanding, representing approximately 33.4% of the economic interest in the Carolina Group (Business Wire 11/20, Reuters 11/21, Dow Jones 11/25, Business Wire 11/25).

North Carolina: RJ Reynolds Execs Establish Stock Trading Plans

RJ Reynolds Tobacco Holdings, Inc said November 25th that Charles A. Blixt, executive vice president and general counsel, Dianne M. Neal, executive vice president and CFO, and McDara P. Folan, vice president, deputy general counsel and secretary, have established stock trading plans under Rule 10b5-1 of the Securities and Exchange Act of 1934. Blixt, Neal and Folan filed plans to sell restricted shares issued to them as part of the company's long-term incentive program. The shares were granted in January 2001, will vest in January 2004, and will be sold thereafter, RJ Reynolds said. Blixt also established a 10b5-1 plan to sell about 70,000 tandem stock options granted to him in 1999 and 16,700 stock options granted to him in 1995 and 1996. Rule 10b5-1 plans allow individuals who are not in possession of material nonpublic information to establish prearranged plans to buy or sell company stock and allows individuals adopting such plans to sell shares over a specified period of time or at a specific price in the future, RJ Reynolds said (PR Newswire 11/25).

Virginia: Philip Morris USA Moves Staff To Richmond

As of last week, Philip Morris USA, which is relocating its New York City headquarters to Richmond, Virginia, had moved 200 employees into the city's historic Reynolds building, which is listed on the National Register of Historic Places. Philip Morris announced in March that it was relocating 270 of 680 New York employees to Richmond in a move that will save \$60 million a year. The Reynolds building, which has been renamed Philip Morris USA building, was completed in 1958 as the headquarters for Reynolds Metals and was intended as a showcase for aluminum. It was designed by Gordon Bunshaft of Skidmore, Owings & Merrill, the architect who also designed the Lever House on Park Avenue and the Hirshhorn Museum in Washington, DC. Local and State officials in Virginia gave Philip Morris over \$31 million in incentives to have the company move to where taxes and utility costs are lower. Philip Morris also decided to spend \$300 million to upgrade its 1.6 million square-foot manufacturing plant located south of Richmond (NYT 11/26).

Georgia: Some Lawmakers Say State May Have Given Away Too Much In Tax Breaks To B&W

Georgia Senate President Pro Tem Eric Johnson (R-Savannah) said that that Gov. Sonny Perdue and fellow Republicans are concerned that the State may have given away too much in tax incentives in some deals, including to B&W operations in Macon, and GOP leaders may consider modifying the rules governing future incentive packages. Republicans are expected to consider legislation that would require companies given tax breaks to maintain a minimum number of jobs in the State for a certain amount of time, or they would be asked to pay back the money. Meanwhile, Democrats, who had awarded B&W a tax break in 2000, say that the incentives are an essential part of economic recruitment, and that it is impossible to know whether the company would have left the State sooner without the tax break. B&W said that the tax break reduced its 2002 State tax bill by 12% or \$1.6 million. Company spokesman Fred McConnell said that B&W would have reduced its production in

Macon, if not for the tax break (Macon Telegraph 11/23).

Louisiana: Report Says Tobacco Industry Targeting Louisiana Delegation

A recent report from the National Center for Tobacco-Free Kids suggests that during the first six months of this year, the tobacco industry spent about \$10.6 million to lobby Congress of which it offered \$36,500 in contributions to the Louisiana congressional delegation this year. The report said that the contributions were made to US Reps Billy Tauzin (R-Chackbay), John Breaux (D-Crowley) and William Jefferson (D-New Orleans), who accepted \$7,500, \$11,000, and \$6,000, respectively. Spokesman for Tauzin, Ken Johnson, said Tauzin accepted money from legal companies manufacturing a legal product, adding that he does not smoke and has always encouraged family members to desist from smoking. Breaux and Jefferson could not be reached for comment (New Orleans Bureau 11/24).

Sales, Marketing & Distribution

Ban On Tobacco Sponsorship Unlikely To Deter Smokers, Suggests Opinion Piece

Commenting on the increasing trend of opposition to tobacco sponsorship for motor racing events across the globe, an opinion piece in the *Monterey County Herald* questioned whether banning tobacco sponsorship will help deter smokers from lighting up. Last week, curtains fell on the 33-year-old association of R.J. Reynolds Tobacco Co. and its *Winston* brand with NASCAR's season-ending Ford 400, and beginning next year, the series will be known as the Nextel Cup, following a 10-year, \$800 million sponsorship agreement by Nextel Communications. In Canada, under a new law that took effect in October, tobacco advertising was banned on race cars, which resulted in *Player's* being out of the Champ Car World Series after a long relationship with CART. *Player's* was the primary sponsor for Jerry Forsythe's two-car effort in the series. The Canadian Grand Prix was removed by Formula One officials from the Montreal circuit, but the organizers of the event reached a compromise with F1 boss Bernie Ecclestone to compensate teams sponsored by cigarette manufacturers. Ferrari, McLaren and Renault, three of F1's top four teams, all receive funds from their tobacco sponsorship, a fourth team, British American Racing (BAR), is partially owned by BAT and Jordan receives partial backing from a cigarette brand. It is estimated that the sponsorships account for an estimated \$350 million annually, and F1's sanctioning body, the FIA, wields the big stick to threaten countries with the loss of an F1 event if they do not

water down their legislation. The European Union is scheduled to enact a ban on tobacco sponsorship by mid 2005 (Monterey County Herald 11/21).

California: Anti-Tobacco Activist Protest Longs' Decision To Carry Tobacco Products

On November 20th, 15 anti-smoking advocates from Walnut Creek, California held a protest march to Longs' corporate headquarters, opposing the company's decision to carry tobacco products and advertisement in their retail drug stores, which they believe contradicts the company's slogan "Live healthy. Live happy. Live Longs." The Berkeley Tobacco Prevention Coalition, which headed the demonstration, said it would like to see the sale and promotion of tobacco phased out completely at Longs stores. The protesting group met Phyllis Proffer, director of investor and public relations, who said that a complete phase out is unlikely, as the company has to cater to consumer needs, including those who are tobacco users. She also noted that the company has an eight-point program to promote smoking cessation. Ron Freund, a tobacco free investment adviser who led the protest, said that if the meeting with Proffer fails, the advocate group plans to target the company's shareholders with its message (Alameda Times-Star 11/21).

Illinois: Police Find 100% Compliance In Sting Operation Against Cigarette Retailers

A recent sting operation in Vernon Hills, Illinois, showed that none of the 18 tobacco retailers were

involved in underage cigarette sales, for the second time in 2003. Officer Kim Christenson said that these checks do not aim at catching offenders, but giving retailers and clerks the tools they need to avoid selling cigarettes to minors. The town police conduct random checks on underage cigarette sales three times a year under a State grant program. Under the State law, retailers involved in underage cigarette sales could face up to 30 days in jail and a \$1,500 fine (Chicago Tribune 11/23).

Massachusetts: Boston College Newspaper, Admin Clash Over Ad Restrictions

Boston College has asked a school newspaper to reject advertisements for birth control, alcohol and tobacco, prompting protests from the editor and board of the student paper. The Jesuit college made the request to The Heights newspaper in September as part of the terms of a new lease. The paper's Editor-in-Chief Nancy Reardon said the school's demands were not acceptable. "We have been independent for three decades, and I think it would undermine the cherished

values of free press," Reardon said. The dispute was first reported on Boston magazine's web site on November 25th (AP 11/25).

Maine: Bill Aims To Ban Nicotine-Containing Water

Maine State Sen. John Martin (D-Eagle Lake), a member of the Legislature's Health and Human Services Committee, has introduced a bill that would ban the sale of water that contain nicotine, specifically targeting QT5 Inc's NicoWater product. His bill "An Act To Prevent the Sale of Water Laced with Nicotine in Maine" will be debated in January 2004 when the Legislature returns for the second half of the 121st legislative session. Martin proposes in the bill that violators face penalties ranging from \$500 to \$5,000. He decided to introduce the legislation after seeing a campaign in a local pharmacy chain that said: "Attention Adult Smokers: Quench Your Cravings! When You Cannot Or Should Not Smoke, Grab A Bottle of Nico Water" (Portsmouth Herald 11/23).

In Court

Illinois: Court Cuts Judgment Against North Atlantic Trading Co

North Atlantic Trading Co, the distributor of *Zig-Zag* brand tobacco and cigarette papers, said November 25th that the US District Court for the Northern District of Illinois reduced the amount it has to pay in damages to RYO tobacco maker Republic Tobacco to \$7.44 million (\$3.36 mn in compensatory and \$4.08 mn in punitive) from \$18.6 million decided in July, in a case concerning allegations that NATC made "false and disparaging remarks" about Republic's incentive and trade programs. Republic, the maker of *Top*, *Drum* and *JOB* RYO products, said that in 1998 it offered programs to its wholesale and retail customers. A jury assessed damages on the court's earlier ruling that NATC made these "disparaging" remarks because they damaged Republic's reputation in the industry, Republic said. The District Court called the original amount "excessive" after NATC filed post-trial motions. If Republic Tobacco, based in Glenview, Illinois, refuses to accept the reduced damages amount by December 10th, the court will grant a new trial with respect to these awards, NATC said. NATC still holds the right to appeal the finding of liability in this case as well as the amount of any awards resulting from the court's ruling or any new trial (Dow Jones 11/25).

New Hampshire: Jury Returns Longden Verdict In Favor Of Philip Morris USA

On November 24th, a New Hampshire Superior Court jury decided in favor of Philip Morris USA in the case

of Sheila Longden, a Manchester widow who claimed that smoking *Marlboro* cigarettes caused the lung cancer death of her husband Julien Longden. Philip Morris argued that Longden could have given up smoking, but chose not to do so. The company also maintained that other factors could have caused the cancer. William Ohlemeyer, general counsel of Philip Morris, said, "the evidence clearly established that Julien Longden well understood the risks of smoking, and that he chose to accept those risks." Charles Douglas, Sheila Longden's attorney, argued in the trial that Longden could not give up cigarettes because he became "addicted" to nicotine when he started smoking at the age of 12 and that Philip Morris never told its customers about it ingredients that made *Marlboros* more "addictive." Douglas said that *Marlboros* were more dangerous and addictive than other cigarettes. He cited testimony from former B&W researcher Jeffrey Wigand who said his scientists found that Philip Morris was using ingredients to make nicotine "more addictive, more dangerous, more deadly." Douglas said the financial cost of Mr. Longden's death to his family totaled more than \$850,000 in medical bills, funeral costs and lost earning capacity. Jurors heard testimony from about two dozen witnesses and received hundreds of exhibits to consider during the 25 days of trial (WMUR 11/20, Manchester Union Leader 11/21, AP 11/24).

Shares of Altria, Inc. rose 24 cents to \$ 50.83, and reached a 15-month high of \$ 51.04 in intraday trading, following the ruling in favor of Philip Morris.

According to Prudential analyst Robert Campagnino, "Although we believe that the Longden case posed little threat to PM USA, because punitive damages were not an option, we still believe that investors should be pleased with the unanimous verdict (12 to 0)" (AFX Asia 11/25).

Illinois: Ex-Wife Testifies In Chicago Man's Cigar Smuggling Case

Nicole Chakalis, former wife of Chicago attorney Richard Connors, who was convicted of smuggling Cuban cigars in violation of US Federal law, testified in US District Court on November 21st that she helped Customs agents by taking Connors' personal items like bank records and Cubana Airlines ticket stubs and putting them in the trash for investigators to find. Connors' defense attorney John Cutrone said Customs agent John Sheridan turned Chakalis into a government undercover agent and she illegally seized her ex-husband's belongings. Cutrone asked US District Judge Ronald Guzman to throw out Connors' smuggling conviction from October 2002 (AP 11/21).

Washington, DC: Lawsuit Accuses Alcohol Industry Of Marketing To Teens

Using strategies similar to those used against the tobacco industry to challenge its marketing practices, Ayman Hakki, a Washington, DC plastic surgeon, has filed a lawsuit against Coors Brewing Co, Heineken NV, Bacardi, Brown-Forman Corp., and other makers of alcohol beverages, claiming that these companies made "unlawful profits" by marketing and advertising their products to minors. Lawyers representing the plaintiff said additional defendants may be added to the suit, which seeks class-action status. The suit's scope is limited to the "defendant's deliberate, reckless, and illegal targeting of underage consumers" and is not a "broad brush attack" on the alcohol industry or the marketing of beverages in general. Jeff Becker, the president of The Beer Institute, which is one of the defendants, said that the lawsuit is ungrounded, noting that The Federal Trade Commission has consistently concluded that the beer industry markets in a responsible manner (AP 11/26).

MSA

Cigarette Makers' Challenges 5 Yrs After MSA

Although attorney generals from 46 States thought the 1998 Master Settlement Agreement signed exactly five years ago would reshape the way cigarettes are marketed and sold and send money towards the treatment of sick smokers, States have instead diverted their settlement monies to balance budgets and fund services that have nothing to do with smoking or health. States are projected to use less than one-tenth of the \$8 billion in settlement payments expected this year for anti-smoking programs, a level that is lower than the 20-25% urged by the Centers for Disease Control and Prevention. Manufacturers have imposed higher prices to recover their settlement payments. This combined with increased taxes raised the average price of a pack of premium cigarettes from \$1.88 in 1997 to \$3.40 now. Cigarette makers are facing other challenges, including a declining smoking rate, more smoking bans at State and local levels, and an increase in the number of companies selling cigarettes in the US from 54 in 1998 to 107 now. US tobacco farmers have seen their quotas reduced to half since 1997 because of foreign competition and falling domestic consumption (Raleigh News & Observer 11/23).

Colorado: Patrick Reynolds Opposes Securitization Proposal

Commenting on Colorado Gov. Bill Owens' proposal to securitize \$2.5 billion from the State's share in the settlement for a \$800 million in lump sum, Patrick Reynolds, grandson of cigarette magnate R.J.

Reynolds, said the move would result in the elimination of smoking prevention and cessation programs that are currently funded by settlement money. However, Owens said the phasing out of the programs would not take place immediately, adding that his budget request for 2004 includes \$13.5 million in smoking cessation grants. He said the Legislature would decide on continuing funding for the programs with the help of money from alternative sources. Chris Sherwin of the Colorado Tobacco Education and Prevention Alliance, comprising the American Heart Association, American Lung Association, American Cancer Society and the Group to Alleviate Smoking Pollution (GASP), said his group would lobby lawmakers to reject the securitization proposal, and to protect future settlement payments (Pueblo Chieftain 11/21).

Meanwhile, the Colorado Tobacco Education and Prevention Alliance asked the General Assembly's Joint Budget Committee to reject the proposal, saying the measure is likely to slash funds to the State Health Department's smoking cessation programs. State Sen. Dave Owen (R-Greeley) said that the budget plan to use \$80 million of the sale proceeds to balance the fiscal 2005 budget is not likely to win a majority vote, as many of his colleagues believe the sale might not be economically feasible. According to Owens, selling bonds backed by future settlement payments for a lump sum is better than relying on "uncertain future revenues." Treasurer Mike Coffman, who is supporting the securitization proposal, believes that up

front cash from the sale is a better option, considering the volatility of the tobacco industry (Bond Buyer 11/24).

Florida: State's Anti-Tobacco Funding May Be Focus Of Senate Investigation

A potential US Senate investigation into Florida's lack of spending settlement money on anti-tobacco programs, together with a national report criticizing misspending money earmarked for tobacco control efforts, has some of the State's leaders defending its spending methods. US Senator Bill Nelson (D-Florida) has requested hearings on the issue. Senate President Jim King (R-Jacksonville) and House Speaker Johnnie Byrd both downplayed any possibility of Federal hearings into the Legislature's decision this spring to cut funds for Florida's anti-tobacco program and said that the money was spent on similar needs. King said they were ready to face any type of investigation, maintaining that the money is being properly spent, not watered down or mismanaged, and noting that the money is to be used in abating problems created by habitual smoking (Florida Times-Union 11/23).

Mississippi: Report Suggests Changing How Settlement Funds Are Allocated

The Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) released on November 25th a report, suggesting that Mississippi Attorney General Mike Moore should "undo" a Jackson County Chancery Court order that allocates \$20 million annually from settlement funds to the Partnership for a Healthy Mississippi. Dr. Max Arinder, the executive director of PEER, said that the committee members believe that the \$20 million should be going directly into the tobacco trust fund and that legislators should be allocating the money (Biloxi Sun Herald 11/25).

Moore dismissed the report, saying that the State has the most successful smoking prevention and cessation program in the nation, adding that the court order helps maintain the funding for anti-smoking programs, which may otherwise be diverted to fill budget gaps. Moore had sought the Jackson County Chancery Court order in December 2000, under which the funds would be directed to the nonprofit Partnership, which produces television and radio advertisements and billboards, sponsors song-and-dance groups as well as other efforts aimed at reducing tobacco use by young people. The report notes that courts do not have the authority to order how public

money is spent. Meanwhile, the Partnership released a statement that said "without the court order, there would be no guarantee that adequate funding would be provided for the tobacco and cessation programs already in place" (AP 11/25).

New York: Appeals Court Refuses To Reopen Review Of Settlement Fee Case

The New York State Court of Appeals on November 24th declined to reopen a review of the propriety of the \$625 million in fees awarded to lawyers who represented the State in the MSA, by refusing to hear an appeal of an earlier decision that prohibited a judge in New York City from re-examining the fees over suspicions that they may have been "excessive." The fees amounted to 2.5% of the approximately \$25 billion the State and local governments in New York expect to receive towards their share in the settlement. In 2002, State Supreme Court Justice Charles Ramos said he believed that the fees may have been inflated due to a conspiracy between well-connected lawyers and the cigarette companies. According to State and Federal campaign records, six firms have donated almost \$500,000 to New York politicians. Ramos, who appointed two lawyers as independent counsel to probe the fees set by an arbitration panel in 2001, said believes that he has an "ethical" obligation to investigate whether some of the fees, which totaled up to \$13,000 per hour should be returned to the State. The fee was approved by another Supreme Court justice, Stephen Crane, who is Ramos' predecessor. However, the appellate division of the court said Ramos does not have the authority to change the arbitration panel's award (AP 11/24).

Pennsylvania: Tobacco Board Disburses Additional Money

Pennsylvania's Tobacco Settlement Investment Board has named Birchmere Venture III LP as the third recipient of \$20 million earmarked for early-stage life sciences companies based in the State. On November 24th the board said it will give the funds to the company, a partnership of Pittsburgh-based Birchmere Ventures and San Francisco-based Bay City Capital. To get the entire \$20 million, Birchmere and Bay City will have to raise an additional \$60 million from other sources for their fund in two stages. The board earlier committed \$20 million each to Philadelphia-based Quaker BioVentures and Wayne, Pa.-based PA Early Stage Partners (PR Newswire 11/24, American City Business Journals 11/25).

Consumption & Smoking Restrictions

Experts Advocate Persistence For Giving Up Smoking

Saul Shiffman of the Smoking Research Group and the Clinical Psychology Center believes that persistent attempts at giving up smoking can make one determined on quitting the habit, because it prepares one to get ready for the final step before quitting. According to experts, it can take between five and 11 attempts before a person succeeds in quitting smoking. After a smoker decides to quit, the best approach is to use a combination of the following strategies, and not just one, says Shiffman. Inform your friends or family members that you are quitting and seek their help, which will make you more committed, and then seek the help of a professional, whether it is a doctor or a health group, where counseling comes into play in a big way and has proved, as in the case of telephone quit lines, to be effective. Aside from this, computer-based counseling programs such as the American Lung Association's Freedom From Smoking online cessation clinic or Committed Quitters can also help, says Corrine Husten of the Centers for Disease Control and Prevention. Medications to help quit smoking is another method in which one can choose a medication depending on one's previous usage and failure patterns, says Husten. Shiffman also advocates tracking of triggers that compel you to smoke, which can make aware of your weaknesses and put in place a counter-strategy. Finally, persistence in quitting can help if you stick with the methods used and try again, says Shiffman (Chicago Sun-Times 11/24).

Alaska: Man Dies Of Heart Attack After Testifying Against Smoking Ban

Robert Keys, a 70 year old former smoker and owner a number of rental cabins in Homer, Alaska, suffered a heart attack and died after he completed testifying in the city council chambers on November 24th against a proposed no smoking ordinance. Keys had told the members before collapsing that he thought businesses should be allowed to decide how to limit smoking, adding that he was physically fit even after being exposed to environmental tobacco smoke every morning at a local restaurant. The council meeting was recessed, and is scheduled to resume on December 1st (Anchorage Daily News 11/26).

Arizona: Study Finds Students Help Peers Abstain From Smoking

A study conducted by researchers at Northern Arizona University in Flagstaff and published in the *American Journal of Health Education* found that mobilizing

young people to help their peers abstain from smoking can boost existing prevention and education programs in schools by capitalizing on natural channels of influence. Dr. John Sciacca, lead author and professor of health promotion at Northern Arizona University, wrote that smoking usually begins at an early age and kids turn to other kids for information. He and other researchers from the University of Arizona and Arizona State University organized the project using a program called Champs Have and Model Positive Peer Skills (CHAMPS), a leadership model to train students to become a positive force in preventing tobacco use. It found that students who had been through the CHAMPS program were less likely to have smoked. In the course of one academic year, the percentage of students who said they would smoke if one of their best friends offered it increased from 1.3% to 2.0% among those who went through the CHAMPS program, compared to an increase from 0.6% to 4.6% among comparison schools (Health & Medicine Week 11/24).

Connecticut: Poll Shows Low Support For Smoking Ban In Bars

A poll conducted by Quinnipiac University and released on November 21st suggests that 62% of Connecticut residents oppose the extension of the current smoking ban to bars, scheduled to take effect on April 1, 2004, though most of them support the current smoking ban. Poll results show that 36% of the participants favored a complete smoking ban in bars, while 38% favored allowing smoking in designated rooms, and 24% were in favor of eliminating the ban completely. On smoking in restaurants, 56% of the participants were in favor of the smoking ban that took effect on October 1st, 35% favored smoking in designated rooms, and 8% wanted to eliminate the ban. Kevin Graff, executive director of Mobilize Against Tobacco for Children's Health, said that polling data from other states suggest an increased support for the smoking ban once it takes effect. The telephone poll surveyed 1,600 registered voters (AP 11/21).

Illinois: Hoffman Estates Mayor Suggests Smoking Ban In Certain Buildings

Hoffman Estates, Illinois Mayor William McLeod has suggested a proposal that would prohibit smoking in private office buildings shared by multiple businesses, following a complaint from a physician regarding cigarette smoke filtering into her office though an air vent connected to the adjacent space. However,

buildings with fewer than 15 employees and those housing a single company would be exempt from the smoking ban. McLeod said buildings occupied by one business in Hoffman Estates are mostly corporate headquarters that have installed separate ventilation systems for smoking areas. McLeod said the proposal is aimed at buildings in which several tenants share a common ventilation system, and currently the village has about 80 such buildings. He added that the proposal would leave out bars and restaurants, because "if you take a job in one of those establishments, you can expect smoking. But if you take a job in a doctor's office, you don't expect secondhand smoke in the ventilation." Trustee Karen Mills believes that the problem of environmental tobacco smoke lies more with the management of the building. Unice Lieberman, a spokesperson for the American Cancer Society in Washington, said the proposal appears to be the first of its kind in the country (Chicago Tribune 11/25).

Illinois: Study Finds Smokers Who Quit Recover Quicker From Dental Procedures

According to findings published in the Journal of Periodontology, non-smokers have a stronger defense mechanism than smokers, and therefore have a tendency to heal better from certain dental procedures. The study investigated the relationship between tobacco smoking and the inflammation response in smokers who consumed 10 to 20 cigarettes per day, said Michael P. Rethman, D.D.S., M.S., and president of the American Academy of Periodontology (AAP). Research shows that tobacco smoking releases enzymes that increase the development of periodontitis, a bacterial infection effecting the gums, bone and attachment fibers that support the teeth and hold them in the jaw. Once smokers quit the habit, oral health begins to improve. The AAP has launched a special section on its web site at www.perio.org to educate people about the effects of tobacco on periodontal health in conjunction with the Great American Smokeout (HealthNewsDigest.com 11/23).

Kentucky: Judge Dismisses Case Against Lexington Smoking Ban

On November 21st, Fayette County, Kentucky Circuit Court Judge Laurance VanMeter dismissed a case filed by the Lexington-Fayette County Food and Beverage Association against Lexington's anti-smoking ordinance, ruling that the smoking ban should take effect on December 11th, as "there is no just reason for delay." However, the association, which consists of restaurant, bar, and nightclub owners, said it will appeal the ruling, leading to the possibility of many more weeks of waiting and intervention by the State.

Meanwhile, the city and the health department said the ban will be enforced on December 11th, unless the appeals court blocks it. Mayor Teresa Isaac said that an injunction is unlikely to be awarded. Earlier, VanMeter dismissed two of the association's arguments, ruling that the ban was not pre-empted by a State law and that the ordinance was not vague or overly broad. On November 21st he denied the group's final argument that the ordinance would unlawfully interfere with the rights of business owners to run their operations. The smoking ban would cover all buildings in the city open to the public, including eateries, bars, bingo halls, bowling alleys and many workplaces (Lexington Herald-Leader 11/22, AP 11/26).

Kentucky: Louisville Mayor To Work For A Compromise Smoking Ban

Louisville, Kentucky Metro Mayor Jerry Abramson announced on November 20th that he will organize a committee that would work on a compromise smoking ban, adding that he would personally get involved in the meetings to address the issue of environmental tobacco smoke without a total ban on public places and workplaces. The Health Board had written to the Mayor that it favors a complete smoking ban, while the metro chamber of commerce, Greater Louisville Inc., opposed the ban saying it would harm business. Abramson said that the two sides should stop taking extreme positions, but declined to comment on when the final compromise will be reached. Metro Council President Ron Weston announced his support for Abramson's proposal (Louisville Courier-Journal 11/21).

Massachusetts: Governor Says He Will Sign Smoking Ban

Massachusetts Gov. Mitt Romney has indicated he will sign a bill that would ban smoking in public places including restaurants, bars and nightclubs, and lawmakers are expected to finalize the measure this week. The House and the Senate have passed different versions of the plan, and the measure is likely to be placed before Romney for approval by January 2004. The measure, if approved, would take effect beginning July 5, 2004, and those violating the law could face a fine of up to \$300. Boston and many other communities in the State have already banned smoking in public places. Shawn Feddeman, the governor's spokesperson, said the governor believes that the move is an important public health initiative, adding that the public has the right to breathe clean air and to prevent the health risks allegedly associated with exposure to environmental tobacco smoke. Welcoming the governor's support to the proposal, State Rep. Peter J.

Koutoujian (D-Waltham), the House chairman of the Health Care Committee, said a majority of lawmakers were backing the proposed smoking ban (Boston Herald 11/23).

Commenting on Romney's decision to support a smoke-free policy, Lori Fresina, New England regional advocacy representative for the Campaign for Tobacco-Free Kids, said Romney and the Legislature have rightly recognized that the smoking ban bill is about protecting everyone's right to breathe clean, smoke-free air. Gov. Romney's support will be even more crucial when the law takes effect and critics launch efforts to undermine it, Fresina said (US Newswire 11/26).

Minnesota: Duluth City Council May Expand Smoking Ban

The Duluth, Minnesota City Council is considering an ordinance introduced on November 24th by Councilor Greg Gilbert that would expand the current smoking ban to the dozen bars in the city that still allow smoking. City voters had approved a ban in November 2001 that prohibits smoking in all restaurants and bars that serve more than snacks or frozen appetizers. The ban applies to pool halls and bowling alleys as well. Gilbert introduced the bill after five Duluth bars were cited for allowing smoking and serving food. The owners of the five establishments, which face a fine of up to \$700, are scheduled to go to court in December. Meanwhile, Councilor Russ Stewart has proposed relaxing the ban to allow bars where smoking already is allowed to serve burgers, fries and other bar food. Bar owners support Stewart's proposal, and believe that Gilbert's plan would drive them out of business. Mark Rutka, owner of North Pole Bar and Ray's Grill, said smoking should be allowed in the bar area if food is served to compete with establishments in neighboring communities (Duluth News Tribune 11/20, Duluth News Tribune 11/25).

Nebraska: Lincoln Smoking Ban Likely To Exempt Bars

On November 24th, following intense debate over the proposed smoking ban in workplaces, restaurants and bars in Lincoln, Nebraska, the city council on a narrow vote endorsed two proposed amendments to exempt bars. One proposal would exempt bars as long as they do not serve food and the air was sucked outside, while the other proposal would exempt bars and coffee shops, where serving of food is "incidental" and the air was similarly vented. Under both the proposals, smoking would be prohibited to about a third of the gross square footage. The council will resume

discussion of the ordinance on December 1st (Omaha World Herald 11/25).

New Jersey: Number Of Smoke-Free Restaurants Increasing, Says Article

As part of the Great American Smokeout on November 20th, the New Jersey Group Against Smoking Pollution (GASP) released its annual "100% Smokefree Dining in New Jersey," which has 650 more restaurants than last year. Regina Carlson, GASP founder and executive director, said, "We've been adding them at a rate of two a day." According to New Jersey Restaurant Association president Deborah Dowdell, about 30-35% of New Jersey restaurants have banned smoking after analyzing their customer base and market trends. Restaurants limiting smoking to the bar increases the number to over 50%, she adds. Meanwhile, smokers are objecting to this trend saying their rights are being infringed upon and that they hate being sent outdoors. A measure to ban smoking in public places was modified to exempt casinos and bars, and to allow restaurants to set aside a portion of their seats for smokers without a separate enclosure. Dowdell said that the hospitality sector favors allowing the restaurants to decide on the issue (Record 11/20).

New York: Bill To Amend State's Smoking Ban Introduced

New York Assemblyman Howard Mills (R-Walkkill) is sponsoring a bill that would amend the State's current smoking law, under which business owners who are holding a liquor license and pay an annual fee of \$100 would be granted "optional" smoking licenses. Mills said the bill would also override New York City's workplace smoking ban. Additionally, the legislation would allow patrons to decide whether to visit a smoking or non-smoking establishment since he expects not all owners will obtain a smoking license. Mills believes that the bill is not about tobacco or smoking, but something even more fundamental as it concerns freedom of choice and personal liberty. Bar owners have been criticizing the city's law along with the State's *Clean Indoor Air Act*, arguing that they keep customers away and hurt their business. The legislation is one of the toughest smoking laws in the country because it bans smoking in almost all indoor workplaces. Bar and restaurant groups have been lobbying against the law seeking to revise or repeal it. Characterizing Mill's bill as misguided, Councilwoman Christine Quinn (D-Manhattan), chairperson of the council's health committee and a co-sponsor of the city's smoking bill, said the smoking ban is aimed at ensuring that all employees worked in a smoke-free place, adding that individuals do not

have to put their health at risk to make a living. A spokeswoman for Gov. George Pataki declined comment on Mills' bill saying the governor had not seen it, while a spokesman at City Hall said Mayor Michael Bloomberg was on tour (Newsday 11/24).

Meanwhile, supporters of the smoking ban including Russell Sciandra, director of the Center for a Tobacco Free New York, said that the Pataki administration is undermining the smoking ban in bars and restaurants by not putting in place acceptable guidelines for issuing waivers. The State Department of Health drafted guidelines in October for counties to issue waivers to businesses that show the ban is causing economic hardship by suggesting a 15% drop in State sales tax receipts for three months to indicate evidence of hardship. However, business owners as well as smoking ban supporters have opposed a fixed standard, saying that for smaller businesses, even a 5% to 10% drop in sales could have a major impact. Smoking ban supporters maintain that 15% is arbitrary, adding that the guidelines do not require businesses that get waivers to do anything to restrict employees' exposure to environmental tobacco smoke. Sciandra said the State Department of Health should draft new guidelines that prioritize health and maintained that if the draft guidelines are allowed to stand, the administration's support for the law would be called into question (Albany Times Union 11/26).

New York: Business Owners Seek Action On Smoking Waivers

Cayuga County, New York bar owners, patrons and business owners expressed their concern with the Board of Health, as only four out of the eight health board members were present for a November 25th meeting convened to discuss procedures for bar owners to apply for waivers from the State anti-smoking law. Board Chairman Dr. Thomas Donnelly said that the board needs at least five members to take any action. The group took the opportunity to express their displeasure at the attitude of the health members over the issue. The State law bans smoking in many public places, including bars and restaurants and violators can be fined up to \$2,000 per infraction. However, the law allows for waivers, provided the smoking ban can be shown to have caused "undue financial hardship" on a business (Syracuse Post-Standard 11/26).

New York: Probable Mayoral Candidate Attends 'Big Smoke' Event

New York City's probable mayoral candidate Fernando Ferrer, who has been criticizing Mayor Michael Bloomberg's tough smoking ban legislation that took effect on March 30th, made an impact at

Cigar Aficionado's annual "Big Smoke" event on November 25th, where he was seen smoking a cigar. Under the city's strict smoking ban, venues are allowed to apply for special waivers for tobacco promotion events, so the event was legal. Ferrer, who declined any comment on the smoking ban at the event, said the Big Smoke was an example of how to strike a balance between those who want to smoke and those who do not want to be exposed to environmental tobacco smoke. Ike Johnson, an international marketing salesman and cigar fancier, said Ferrer's action reveals that even some politicians are opposed to the smoking ban. Ferrer had recently criticized the smoking ban, saying that the mayor went too far. Responding to the statement, Bloomberg said "there's a way to protect people in the workplace without denying others the opportunity to exercise their right in the marketplace" (New York Post 11/26).

New York: Health Plan Association Announces New Tobacco Control Resources

The New York Health Plan Association (HPA) announced on November 23rd that the Medical Directors of its member health plans have endorsed a common smoking cessation guideline and provider guide, which is geared toward helping patients quit smoking. Dr. Michael Cropp, Chief Medical Officer of Independent Health and co-chair of the HPA Medical Directors Forum, said that a common smoking cessation guideline will help in plans' efforts to support physicians in helping smokers quit the habit. The smoking cessation guideline is based on the Treating Tobacco Use and Dependence Clinical Practice Guideline published by the US Public Health Service in 2000, while the provider guide is adapted with permission by a guide developed by the Canadian Council for Tobacco Control. The resources will be distributed to about 20,000 physicians in New York, apart from all HPA member plans, who will in turn promote the tools to participating providers (HealthNewsDigest 11/23).

New York: Onondaga Bingo Hall Gets Waiver From Smoking Ban After Proving Losses

Syracuse Brigadiers Inc., an Onondaga County, New York bingo hall which received a waiver from the State's smoking ban, had suffered a 27% drop in gross receipts and a 61% drop in net income in three months after the *Clean Indoor Act* was implemented in most workplaces in July 24, 2003. According to Brigadiers chief financial officer Joseph Geswaldo, the hall earned \$708,238 in gross receipts in August-October 2003 compared with \$966,283 in like 2002. He added that the ban caused the number of customers to decline from 300-350 per night to 220-230 per night. Gary

Sauda, director of the County Health Department's environmental health unit, said that the bingo hall was awarded a waiver because they could prove that the law was causing them undue financial hardship and that they could adequately protect the patrons and employees from exposure to environmental tobacco smoke. Smoking is being permitted only inside a glass-enclosed, ventilated room, which was earlier used as a no-smoking section of the hall. Another 13 businesses in the county have pending applications (Syracuse Post-Standard 11/21).

South Carolina: Myrtle Beach Firefighters Accept Smoking Ban With Mixed Feelings

Myrtle Beach, South Carolina firefighters reacted with mixed feeling towards a ban on smoking and the use of other tobacco products that took effect a year ago, with some struggling to cope with the ban, while others perceive the ban as a positive change. Non-smoking firefighters welcomed the measure, while some others like paramedic Nathan Johnson continue to smoke after working hours and chew *Nicorette* gum while at work. According to Andy McClellan, smoking firefighters set a bad example for children who see them smoking in uniforms. Fire Chief Alvin Payne, who initiated the ban for health reasons, said some thanked him while others said they wished Payne was a smoker, so as to understand how they felt. South Carolina, one of the nation's top tobacco-producing states, does not have too many regulations that discourage smoking. Smoking rates are higher in the State at 26% compared with nationwide figures of 22% (Myrtle Beach Sun News 11/20).

South Dakota: Tobacco Quit Line Claims 26% Success Rate

Doneen Hollingsworth, the State Secretary of Health, is encouraging use of the South Dakota Quit Line, a telephone counseling service which helps people to stop using tobacco products. According to Hollingsworth, the service has achieved a 26% success rate, compared to about 5% for people who attempt quitting without using the service. More than 18,000 South Dakotans have called the State Tobacco Quit Line since its launch in January 2002. Tobacco users who call 1-866-SD-QUITS receive over-the-phone counseling from trained professionals (AP 11/20).

Wisconsin: Smoking Rates Among Hmong Adults Drop

Smoking rates among Hmong adults declined from 17% to 9%, while smoking rates among teens decreased from 9% to 7% since September 2002, according to a Wisconsin survey of 425 Hmong people. The drop has been attributed to efforts by the

La Crosse County Health Department and the Hmong Mutual Assistance Association. In 2002, the health department and the association had received a \$50,000 grant from the American Legacy Foundation to help curb smoking among the Hmong population, which has a higher smoking rate than other Asian Americans. An earlier survey had revealed that the smoking rate was 22% among Hmong adults and 19% among teens. The foundation is expected to grant an additional \$328,000 to the health department to expand the Hmong program to reach 8,100 Southeast Asians living in Dunn and Eau Claire counties as well as La Crosse County. Al Bliss, project coordinator and health educator for the La Crosse County Health Department, said in an effort to meet the needs of the Hmong community, a culturally appropriate tobacco prevention program was developed that includes smoking cessation and free nicotine patch programs. Chue Thao, a bilingual health educator, said some Hmong smoked for medicinal purposes, and many smoked cigarettes when they joined the Army to help the Americans during the Vietnam War. Further, tobacco is also part of the marriage ritual, and is offered as part of respect and honor to the families of those to be married (La Crosse Tribune 11/20).

United States: Scientists Study Nicotine's Effects On Brain

Scientists are continuing to study what seems to be the protective effect of nicotine on the brain, since one recent study found that cotinine, a nicotine metabolite, may improve memory and protect brain cells from diseases like Alzheimer and Parkinson, while another study found that nicotine can help improve learning and memory problems associated with hypothyroidism, though neuroscientist Michael Kuhar of Emory University warned that these findings do not mean people should smoke. Dr. Kuhar said that while the negative health effects of cigarettes or other tobacco products outweigh any benefits from the nicotine in them, pure nicotine-like compounds show promise for treating human disorders. New studies also report that mothers who smoke during pregnancy may be putting their children at risk of having emotional learning problems that continue into adulthood. Researchers believe that if they can identify the mechanism for the long-term behavioral change, they may be able to develop therapies for human emotional disorders linked to prenatal nicotine exposure. Scientists are also trying to find out the effects of nicotine exposure during adolescence on later behavioral functioning. Experiments on rats found that the ones that were dispensed low doses of nicotine tended to learn faster, while the high-dose group learned slower than the control groups. A study

on nicotine's effects on stress found that when stressed animals were given nicotine, they performed better at

short-term memory tests than stressed animals that did not receive any nicotine (Drug Week 12/5).

Anti-Tobacco Campaigns

National Conference To Focus On Continuing Prevention Measures

The 2003 National Conference on Tobacco or Health, the country's largest gathering of public health and tobacco control professionals, which is scheduled to be held from December 10th through December 12th in Boston, Massachusetts, will focus on continuing tobacco control measures amid a tough financial environment. The annual conference will also highlight recent victories in tobacco control, including smoke-free policies in Boston, New York City, and Delaware, and last week's passage of a Massachusetts smoke-free worksites bill. The event is likely to attract more than 500 public health and tobacco control experts from across the world, who will address the 3,000 expected participants in more than 200 conference sessions (US Newswire 11/24).

California: Smoking Ban Creates More Littering

Anti-litter activists are launching campaigns to get smokers to clean up after themselves because indoor smoking bans are reported to be creating more cigarette butt littering. Jim Peugh, chairman of the conservation committee of the San Diego Audubon Society, said he has picked up hundreds of cigarette butts. CigaretteLitter.org of Culver City, California is promoting free pocket ashtrays which RJ Reynolds is offering for its Clean America campaign. Although many mistakenly think that cigarette filters are made of cotton, they are mostly made of cellulose acetate, a type of plastic that takes up to 11 years to biodegrade (Copley News Service 11/24).

Idaho: Representatives Of 14 Organizations Seek Dwindling Tobacco Cash

On November 20th, representatives of more than a dozen Idaho organizations and agencies sought a share in the \$1.9 million earmarked for anti-smoking programs in the next fiscal budget from the State's special House-Senate panel. The Joint Millennium Fund Committee allocates the earnings from the State's tobacco trust fund, which was established about four years ago with the payments the State gets through the settlement. However, the State has dipped into the trust's funds to balance the budget during the economic downturn so the cash available to invest has been dwindling. The \$1.9 million generated for the next budget is \$500,000 less than being spent this year and barely half the amount spent on anti-smoking programs two years ago. Additionally, 14

organizations sought grants from the State, down from more than 20 a year ago (AP 11/20).

Iowa: Scott County Establishes Smoking Shelters For Employees

The Scott County, Iowa Board of Supervisors voted last week to purchase six new smoking shelters for county employees, as part of the county's new tobacco-free policy that went into effect on November 20th, the Great American Smokeout. The stricter policy also prohibits the use of all forms of tobacco in county-owned buildings and vehicles, as well as within 35 feet of county buildings. Earlier, employees were not allowed to smoke while on duty, but were not prohibited from using smokeless tobacco. Under the policy, the Scott County Administrative Center and Scott County Courthouse will have two shelters each, placed at the east and west ends of the campuses, while the other shelters will be placed outside the Scott County Juvenile Detention Center and the county's jail annex and sheriff's department patrol headquarters on Tremont Avenue. According to human resources director Paul Greufe, the move is aimed at providing a safe, healthy environment for the employees, Scott County citizens and visitors to the facilities (Eldridge North Scott Press 11/26).

New Jersey: Cancer Center Offers Smoking Cessation Program

South Jersey Healthcare (SJH) Regional Cancer Center is partnering with Rowan University QuitCenter to offer a tobacco cessation program. Minors younger than 18 may also attend the program with parental consent. The SJH Regional Cancer Center is a member of the Fox Chase Network working in partnership with Fox Chase Cancer Center to offer cancer prevention, detection and treatment to people in their own communities (Daily Journal - New Jersey 11/20).

Ohio: Anti-Smoking Group In Columbus To Address ETS Issues

SmokeFree Columbus, a coalition of businesses, health organizations, religious leaders, restaurants, retailers and others, is planning to launch an awareness campaign in Ohio's capital city, in an effort to involve all the parties affected by the environmental tobacco smoke issue, including smokers and businesses that have smokers as customers. To this effect, the coalition has applied for a grant from the Ohio Tobacco Use Prevention and Control Foundation,

which was set up in 2000 with the help of Ohio's share in the settlement. Business owners fear that a smoking ban may hurt revenues, as it is likely to keep away customers. The coalition plans to launch a community dialogue to ensure that both sides of the issue are heard, in an effort to address the health concerns of workers as well as to offer a level playing field for affected businesses (Columbus Dispatch 11/26).

New York One Of States That Received Federal Anti-Smoking Funds

New York was among the States that received Federal funds in the 1990s to change social, cultural and economic factors that influence smoking under the American Stop Smoking Intervention Study (ASSIST). A recent study found that States that received these funds were more successful at making policy changes and reducing smoking. Adult smoking fell 3.02 percentage points to 22.17% in the 17 States that received funding, compared to 2.11 percentage points to 22.3% in States that did not receive the funding. Of the \$114 million total that the ASSIST program distributed, New York State received the highest share of \$1.8 million per year from 1993 to 1999. However, New York was one of the worst performers in terms of reducing smoking, with less

than a one percentage point drop during the study (Newsday 11/25).

Wisconsin: Investments In Tobacco Programs Deliver Substantial Results, Says Researcher

Frances A. Stillman, a researcher at the Johns Hopkins Bloomberg School of Public Health, said that in 17 states, including Wisconsin, where the Federal government invested \$128 million on American Stop Smoking Intervention Study (ASSIST), about 104,000 people quit their tobacco habits and smoking reduced by about 3 percentage points over eight years, over half a point more than in states without the program. Stillman said that if the ASSIST program had been available in all 50 states, then as many as 278,000 smokers might have been able to quit smoking. Smoking declined from 33% in 2001 to 27% in 2002 among high school students, and the number of adults in the State who smoke decreased by 5% during 2002. The costs of such programs are justified when taken in the context of 7,350 deaths from alleged tobacco-related diseases in 2000. Nancy Prince, supervisor of the Portage County Tobacco Free Coalition, said that return on investments in tobacco control programs is being proved repeatedly (Wisconsin Rapids Daily Tribune 11/25).

Taxation

Alabama: Huntsville Approves City Tax

Officials in Huntsville, Alabama on November 21st approved the city's first tobacco tax with the prospect of generating \$1 million in new revenue, following some other Alabama cities that have already instituted similar city taxes. The Huntsville City Council voted 4-1 to levy a tax of 10 cents per pack on cigarettes, cigarillos, and other tobacco products. Cigars sold individually will be taxed at 3 cents. Cigarette smokers in Huntsville, located in Madison County currently pay a 16.5 cents per pack State tax and a 3 cents per pack county tax (AP 11/21).

Texas: Internet, Mail Order Cigarette Sellers Asked To Pay State Cigarette Tax

A letter from the Texas Comptroller of Public Accounts, dated August 21, 2003, requires mail order and Internet cigarette sellers to pay the State cigarette tax and affix a cigarette tax stamp to each cigarette pack before shipping them to the State, effective September 1, 2003. The Texas Tax Code bans the possession of cigarette packs without tax stamps. However, 200 or fewer cigarettes purchased for personal consumption are exempt from the law (State Tax Review 11/22).

Virginia: Governor Proposes Tenfold Increase In Cigarette Tax

Virginia Gov. Mark Warner said on November 24th that he is considering a proposal to increase the State's current 2.5 cents per pack cigarette tax tenfold in an effort to offset a budget deficit. Under the proposal, local governments have the authority to tax cigarettes up to 50 cents per pack, the combined State and local taxes would be capped at 75 cents per pack. Warner has also proposed raising the State sales tax by a penny as well as income taxes for the wealthy, while cutting the grocery tax and income taxes for the poor. Meanwhile, Republicans accused Warner of violating his two-year-old campaign promise not to raise taxes. State GOP Chairman Kate Obenshain Griffin claimed that Warner is engaging in a potentially devastating tradeoff of State jobs for short-term revenue growth. Warner has launched a Statewide public relations campaign to garner support for his plan, and is scheduled to visit Roanoke, Falls Church and Virginia Beach on November 25th. Prof. Larry Sabato, professor of politics at the University of Virginia, believes that the bill is unlikely to pass through the General Assembly without significant compromises. Sabato said it is difficult to get a tax increase even out of a Democratic legislature in Virginia. Ellen Qualls, spokesperson for Warner, said the governor has been

working to ensure a proposal that is equitable and sensible. She added that the governor has worked for months with his finance team to draft a plan that he believes is not only fair and addresses some of the peculiarities of the tax code, but also brings generates funds for the State. The proposal is expected to go to the General Assembly in January 2004 (AP 11/24, Cavalier Daily 11/25).

Commenting on the proposal, William V. Corr, executive director of the Washington, DC-based Campaign for Tobacco-Free Kids, said the measure

would not only reduce smoking rates and save lives, but also generate the much-needed revenue for the State. Corr urged lawmakers to approve a 75-cents per pack tax increase. By raising the tax by this amount, Corr said the State could prevent an estimated 72,000 children in the State from being initiated into smoking, save 35,100 people from succumbing to alleged smoking-related illnesses, and also generate an estimated \$354 million in additional revenue annually (US Newswire 11/24).

