The tobacco industry continues to aggressively fight reasonable and effective public health policies to protect kids and improve health, despite knowing that tobacco use causes cancer, heart disease and respiratory diseases, among other serious health problems, and remains the leading cause of preventable death in the United States, killing more than 480,000 Americans each year. At the state level, the industry uses a number of tactics to undermine efforts to adopt effective tobacco control policies, including funding opposition efforts, lobbying, political donations, hiding behind front groups and other organizations, promoting weaker policies, and failing to disclose conflicts of interest.

Funding Opposition Efforts

Because the tobacco industry’s financial resources dramatically dwarf those of the public health community, one of their key strategies is to fund efforts to oppose policy change.

- **2017 San Francisco Flavored Tobacco Products Restriction** – In June 2017 San Francisco approved an ordinance to end the sale of flavored tobacco products – including menthol-flavored cigarettes – throughout the city and county. R. J. Reynolds Tobacco Company promptly funded a local ballot initiative to overturn the ordinance, donating over $680,000 to the local ballot committee. The tobacco industry effort to undo the local ordinance erroneously frames it as a ban that will generate a black market, comparing it to the failed War on Drugs. In reality, the local ordinance only restricts flavored products like grape cigars and mint-flavored cigarettes that are attractive to kids. No other tobacco products are affected.

- **2016 Tobacco Tax Increase Initiatives**: In 2016, the tobacco companies spent more than $90 million opposing tobacco tax initiatives in California, Colorado, and North Dakota. In November 2016, California voters approved a ballot initiative to raise the tobacco tax in California by $2.00, despite the tobacco industry contributing more than $70 million to defeat it. The opposition committee claimed to be comprised of a broad “Coalition of Taxpayers, Educators, Healthcare Professionals, Law Enforcement, Labor, and Small Businesses,” but in reality was funded almost entirely (more than 99%) by tobacco companies, primarily Altria and Reynolds American. The National Association of Tobacco Outlets (NATO) also urged its California retail members to oppose this ballot initiative. While NATO and convenience stores aligned with Big Tobacco, more than twenty business organizations and local chambers of commerce openly supported the tax increase. The tobacco companies had previously spent $45 million to oppose and narrowly defeat a California tobacco tax increase in 2012.

- **Digital Advocacy**:  
  - Altria funds the Citizens for Tobacco Rights to facilitate opposition to tobacco control policies like taxes and restrictions on flavored products that appeal to kids. The website offers a range of resources, including videos, infographics, an advocacy toolkit, and talking points. A recent e-newsletter provided the option to receive monthly cell phone messages with updates on “legislative and regulatory issues.” This system was used, in addition to the donations described above, to rally “no” votes on Colorado’s 2016 tax initiative, which went down to defeat 47 to 53.
  - Reynolds American funds New Tobacco Road, a website that purports to raise awareness of the black-market cigarette trade, but that in reality provides arguments and access to digital advocacy alerts to oppose state tobacco tax increases.

Tobacco Industry Lobbying

- Tobacco companies’ investment in influencing state policy is enormous and unusual among companies. A Center for Public Integrity analysis of data from the National Institute on Money in
State Politics found that Altria and Reynolds American were among only two dozen groups with registered lobbyists in every state over the five year period from 2010 to 2014. The tobacco companies’ networks included more than 450 registered lobbyists at the state level.

- According to reporting by the Associated Press, in 2017, Atria Group and RJ Reynolds spent a combined $147,000 lobbying Montana lawmakers in the first three months of the legislative session to kill a tobacco tax bill that started out with bipartisan support. Altria’s contribution of $120,000 exceeded all lobby spending in the first three months. One of Altria’s lobbyists was the former executive director of the state Republican Party, and eventually 11 of the 13 Republican co-sponsors rescinded support. Montana has not raised its cigarette tax for at least 10 years.

- In 2017, Altria almost derailed a bill to raise the tobacco sale age to 21 in Oregon by hiding its profit interest behind a civil rights argument. Altria hired a former well-known state senator and health-care advocate who was the first black woman elected to the Oregon legislature to lobby legislators that the bill would lead to increased racial profiling of youth. While Altria almost slowed the bill down long enough to run out the legislative clock, the bill passed both houses and was signed into law.

- In 2016, tobacco companies spent more than $1 million lobbying against a package of tobacco control bills in California. Despite this onslaught, six of the bills passed the California House and Senate. Altria lobbyists attempted to stop the bills by threatening to overturn some of them via ballot initiative. Altria’s lobbyists then doubled down by threatening all fall ballot initiatives – regardless of topic - by threatening to pay above-market rates to signature gatherers.

- In 2017, the New York Association of Convenience Stores and the Cigar Association of America helped block efforts to raise the price of cheap two-packs of cigars in New York state. Altria, Reynolds, and Swisher International hold director seats on the advisory board of the NYACS, and Altria and Reynolds were recognized as 2017 “Spirit of NYACS” members.

- In 2011, Altria spent $165,076 lobbying in the state, and it was the only group to spend more than $100,000. Its total lobbying amount was 82 percent more than the next biggest spender. Altria also hosted members of a committee handling tax legislation and the Speaker of the House at an inaugural party, according to the Center for Public Integrity and the Idaho Fall’s Post Register.

### Tobacco Industry Political Donations

The tobacco industry uses donations to independent political committees and parties, leadership committees, and to candidates themselves to wield influence, in states both large and small.

- In California alone, tobacco companies gave nearly $5 million to independent political committees and parties since 2011. This amount is roughly three times as much as they gave directly to candidates, according to the Center for Public Integrity.

- The American Cancer Society Cancer Action Network (ACS CAN)’s report "Snuff Tobacco Money Out of California Politics" documented that Altria and Reynolds had donated nearly $400,000 to state campaigns, political parties or political action committees through the second quarter of 2016.

- In 2015 investigative report by the San Jose Mercury News found that industry donations to California state legislators on one committee alone allowed the industry to kill tobacco bills without formally opposing them. The industry, over a roughly two year period, contributed $173,100 to members of the Assembly Governmental Organization committee. In 2015, this committee gutted legislation to define e-cigarettes as tobacco products.
• No state is too small for the tobacco industry when it comes to influencing legislators. In Vermont, one of the least populated states in the country, Altria and Reynolds combined donated roughly $40,000 in the 2016 election cycle, the vast majority of it going to Republican legislators and committees.25

• A 2013 report of campaign contributions in Maine found that Altria and Reynolds tobacco companies were the top donors, contributing over $340,000 since 2000. The Cigar Association of America contributed an additional $5,750, and the Smokeless Tobacco Council contributed $3,500. At the time of the report, the legislature was debating bills to raise tobacco taxes and fund cessation programs.26 Maine has not raised its cigarette tax for over ten years.

Threats of Litigation

• NATO: In 2014, Healdsburg, California, took action to protect youth by raising the minimum legal sale age to 21, but dropped enforcement of the law when NATO threatened a lawsuit.27 NATO issued a similar threat to another California jurisdiction that had adopted the issue, Santa Clara County.28 The state of California later adopted the law statewide.

Front Groups and Other Organizations

Because of their negative reputation, tobacco companies know that policymakers can be uneasy about being seen as doing the industry’s bidding. Therefore they enlist—and fund—other organizations to oppose tobacco control policies on their behalf.29

• State Policy Network: The State Policy Network describes itself as “the only organization in the country dedicated solely to building and mobilizing a durable state-based infrastructure for freedom.”30 It is comprised of 66 independent state think tank affiliates and over 80 associate partners. It has a documented history of serving the interests of the tobacco industry.31 In 2016, tobacco company Altria gave money to the State Policy Network itself and at least 20 of its members.32

• North Dakota 2016 Tobacco Tax Increase Initiative: Tobacco companies Altria and Reynolds American are members of the North Dakota Petroleum Marketers Association (NDPMA), which helped to defeat a November 2016 ballot initiative to raise tobacco taxes in the state.33 The tobacco tax increase would have reduced youth and adult smoking and the revenue generated by the tax would have supported veterans’ services and community health programs.34 Mike Rud, president of the NDPMA, chaired the North Dakotans Against the 400% Tax Increase committee to oppose the ballot initiative. The NDPMA itself contributed over $33,000 and independent convenience and gas stores contributed another $40,000, but the vast majority of the funding—$3.8 million of the total $4 million in contributions—came from Altria Client Services and R.J. Reynolds Tobacco Company.35 The NDPMA opposed the initiative under the guise of government overreach into small business while overtly claiming that it “does not support or promote the use of tobacco.”36 Both stances help Big Tobacco hide behind the “small business” image of the NDPMA to oppose a tax that will cut into its profits. Some of the industry’s opposition materials deceptively omitted the mention of tobacco, touting the proposal as simply a 400 percent tax increase.

• Indiana 2016 Tobacco Tax Increase Campaign: Similarly, during the 2016 legislative session in Indiana, an infrastructure funding bill that included an increase in the cigarette tax was thwarted in part by opposition from tobacco industry-sponsored retailer associations including NATO37 and the Indiana Petroleum Marketers and Convenience Store Association (IPCA).38 Altria and RJ Reynolds are members of the “President’s Council” of IPCA.39 NATO testified against the bill at a hearing claiming it would be bad for business, and the IPCA publicly opposed the bill claiming it would reduce Indiana’s tax-advantaged status with consumers from other states. Other retailer groups opposed the bill, including the Indiana Grocery and Convenience Store Association.40
Conversely, other prominent business groups, such as the Chamber of Commerce, supported the bill, including the cigarette tax increase.

- **National Association of Tobacco Outlets (NATO):** With the support of tobacco manufacturers, NATO began in 2001 as an association of tobacco outlet stores. In 2009, it expanded to include any retailer who sold tobacco, including convenience stores. NATO continues to receive industry funding and maintains membership on its board of directors from every major tobacco company. Since 2012, NATO has focused specifically on blocking local tobacco prevention ordinances in the retail environment. NATO, with cigar and smokeless tobacco manufacturer Swedish Match, even launched a website specific to this project in 2016, called “Tobacco Ordinances – Take Another Look” (TOTAL). The website provides talking points and materials for retailers to frame local tobacco prevention ordinances as anti-business, anti-free speech, and as irresponsible government intrusion. What TOTAL is really doing is preparing retailers to protect the interests of the tobacco industry. As a Reynolds spokesperson noted, “NATO is not only one of the best grassroots organizations in the industry, but they have also been a great asset in helping shape favorable outcomes at the state and local level.”

- **The Mackinac Center for Public Policy:** The tobacco industry has funded the Mackinac Center since the 1990s to wage a misinformation war on the impact of tobacco tax increases. In collaboration with the Tax Foundation, the Mackinac Center releases annual reports on cigarette tax smuggling that claim that increasing state cigarette taxes will increase crime and terrorism. The tobacco industry uses the Mackinac Center’s reports to lobby against state tobacco taxes. However, the National Research Council and Institute of Medicine’s (NRC-IOM) 2015 report, *Understanding the U.S. Illicit Tobacco Market: Characteristics, Policy Context, and Lessons from International Experiences*, found that “industry-sponsored estimates of the size of the illicit market tend to be inflated. More generally, concerns have been raised about the quality and transparency of industry-funded research on the illicit tobacco trade.” The Mackinac Center has received funding from tobacco companies since the 1990s to wage a misinformation war on the impact of tobacco tax increases. In 2015, Reynolds donated $250,000 to an association of black newspapers, the National Newspapers Publishers Association, which subsequently held a forum at its meeting: “Panel Discussion, Criminal Justice Reform–Hosted by RAI Services Company.”

- **Undermining the Case to Ban Menthol Cigarettes:** Tobacco company Reynolds American has supported high-profile leaders to create controversy in the black community around the issue of banning menthol cigarettes. Reynolds sells Newport menthol cigarettes. Reynolds supported community events around the country under the brand of Al Sharpton’s National Action Network, with religious, law enforcement, and political leaders, including former Congressman Kendrick Meek. The events promoted the idea that banning menthol cigarettes would result in harassment by law enforcement and be counter to the goals of criminal justice reform, without regard for the toll of tobacco use on the black community. In 2016, Reynolds donated at least $50,000 to the Law Enforcement Action Partnership which has been active in opposition to menthol bans because they will harm police-community relations. In 2015, Reynolds donated $250,000 to an association of black newspapers, the National Newspapers Publishers Association, which subsequently held a forum at its meeting: “Panel Discussion, Criminal Justice Reform–Hosted by RAI Services Company.”

**Promoting Weaker Policies**

In addition to trying to combat the public health community’s tobacco control efforts, the industry also promotes its own legislation or substitute programs and policies at the state and federal levels that are less effective, in order to distract attention from proven effective tobacco control interventions. Altria provided language to federal lawmakers in 2016 to weaken FDA authority over e-cigarettes, and the bill introduced by Congressman Tom Cole (R-OK) “pulled verbatim from the industry’s draft.” Below are examples at the state level.

- **Youth Access Laws:** In recent years, under the guise of promoting youth access restrictions, Reynolds and Lorillard have separately promoted their own language to define e-cigarettes apart from other tobacco products at the state level. As the industry no doubt knows, excluding e-
cigarettes from the tobacco products definition can exempt e-cigarettes from policies that should apply to all tobacco products, including e-cigarettes. An investigative report from the Center for Public Integrity found at least 11 instances in which proposed legislative language was pulled almost verbatim from Reynolds’ template language.  

- **Keeping E-cigarettes Out of Tax and Smoke-free Laws:** A study of state bills defining e-cigarettes found that in 2014, tobacco industry representatives promoted product definitions that would weaken oversight of e-cigarettes in tax and smoke-free laws in Iowa, Florida, and Oklahoma.

- **Tobacco Harm Reduction Policies:** Under the guise of encouraging smokers to switch to less harmful tobacco products, tobacco companies have promoted a so-called “tobacco harm reduction strategy” in a number of states, including Indiana, Kansas, Nebraska and Oklahoma. Industry harm reduction proposals have included asking states to promote smokeless tobacco as less harmful than smoking, taxing smokeless tobacco at a lower rate that cigarettes, and even diverting state tobacco prevention funding to study or implement this approach. There is little, if any, evidence that this approach will reduce the number of people who smoke or the death and disease caused by tobacco use. Instead, it is an industry ploy to keep smokers smoking, maximize profits and divert attention from evidence-based tobacco control interventions.

The American Legislative Exchange Council, an organization that facilitates communication and information sharing between state legislators and industry representatives and that received money from Altria as recently as 2016, promotes a model resolution on its website that discourages taxes on smokeless tobacco in the name of harm reduction:

`WHEREAS, {insert state} counsels against use of excise taxes, but if they are imposed on tobacco products, they should reflect a harm reduction principle without increasing any existing excise tax rate...`

- **Smoke-free Policies:** In 2006, tobacco company RJ Reynolds attempted defeat of two 2006 smoke-free ballot initiatives in Arizona and Ohio by running its own pro-tobacco ballot initiative in each state. Reynolds partnered with state licensed beverage associations in each state, but paid for virtually all of the campaign. The purpose of this strategy was to confuse voters into voting for the pro-tobacco version because they thought it was more moderate. In reality, the two pro-tobacco initiatives favored industry by exempting some hospitality workplaces from worker indoor air protections and imposing preemption, which would block localities’ ability to pass stronger laws. The tobacco industry’s strategy failed, but demonstrated how far it will go to try to derail public health efforts.

**Failing to Disclose Conflicts of Interest**

The interests of tobacco companies are incompatible with health and consumer protection. Given that the tobacco industry has a history of deceit, it is essential that tobacco company involvement in policymaking on health and consumer protection issues be transparent. A recent example shows the on-going need for vigilance.

- **Lobbying for Tobacco Companies and Health Groups:** Investigative reporting recently revealed that six lobbyists working in North Dakota and Minnesota were registered to represent both tobacco companies, including Altria, and health groups. Any lobbying conducted on behalf of a tobacco company is fundamentally at odds with promoting health.

*Campaign for Tobacco-Free Kids, September 7, 2017/Becca Knox*


7. Maplight.org; Filings with the CA Secretary of State.


19. Corbin, Clark, “A Look At the State’s Most Effective Lobbyists, Their Tactics, and Results,” *Idaho Falls Post Register*, February 12, 2012

20. Corbin, Clark, “A Look At the State’s Most Effective Lobbyists, Their Tactics, and Results,” *Idaho Falls Post Register*, February 12, 2012


37 Hearing on HB1001, February 11, 2016, see http://iga.in.gov/information/archives/2016/video/committee_appropriations_3700/
40 Hearing on HB1001, February 11, 2016, see http://iga.in.gov/information/archives/2016/video/committee_appropriations_3700/