

An Analysis of Lobbying Activity on Tobacco Issues in the Wisconsin Legislature

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ABSTRACT

Background: Although public and media attention has focused on the federal role in the regulation of tobacco products, state government remains an important arena for changing tobacco control policies. Lobbying state officials by public health and the tobacco industry is a commonly used mechanism to influence public policy.

Methods: Major bills of the 2007-2008 and 2009-2010 Wisconsin legislative sessions related to tobacco use regulation were analyzed by the hours engaged in lobbying and the estimated expenditures by supporters and opponents of tobacco control legislation in reports submitted to the Government Accountability Board.

Results: In the 2007-2008 legislative session, anti-tobacco control organizations reported lobbying expenditures of more than \$2 million (2627 hours) while opposing bills to raise tobacco excise taxes and enact smoke-free legislation; pro-tobacco control organizations reported lobbying expenditures of \$623,000 (3997 hours) while supporting these bills. In the first 6 months of the 2009 session, anti-tobacco control groups spent \$1.25 million (1472 hours) and pro-tobacco control groups spent \$172,000 (1727 hours).

Conclusion: In the 2007-2008 legislative session, the proposal to increase the tobacco tax by \$1 per pack was passed. However, the smoke-free indoor air bill was defeated. Anti-tobacco control organizations outspent pro-tobacco control organizations by a margin of over 3:1. In 2009 anti-tobacco control groups outspent health groups by a ratio of 7:1. Legislation for smoke-free workplaces and an increase in the cigarette tax was enacted. However, funding for tobacco prevention and treatment programs was substantially reduced.

BACKGROUND

Thousands of bills are introduced and debated in the legislature each year, but few garner as much attention year after year as tobacco-related policies. Because of the interest in the Food and Drug Administration's (FDA) regulation of tobacco and other federal actions, the role of state government in tobacco

use is often overlooked. The state has an important role in establishing the price of tobacco products through its ability to tax, regulating access to tobacco products and establishing rules about smoking in public places.

These changes in regulation are also political issues because they must be approved by Wisconsin's legislature and governor. One of the key indicators of tobacco's importance as a political issue is the amount of money spent lobbying the legislature.¹ The process of lobbying plays a critical role in the introduction, formation, and potential for passage of legislation. For this reason, Wisconsin and national organizations spent more than \$58 million in the 2005-2006 legislative session for lobbying services.

For decades at the state and national level, the tobacco industry had one of the largest and most effective lobbying forces.² The industry is credited with preventing the effective regulation of tobacco products, as well as their taxation, in the period between the first Surgeon General's Report on smoking (1964) and the Master Settlement Agreement (1998).³ During the past decade, however, public health organizations have developed and fielded relatively large lobbying operations to influence tobacco control policymaking and contest the power of the tobacco industry.

PURPOSE

The purpose of this report is to describe the lobbying expenditures of anti-tobacco control organizations (including the tobacco industry and other tobacco-related industries and organizations) and pro-tobacco control organizations (including voluntary and health care organizations) with declared interests in: (1) the budget proposal to increase the tobacco excise tax; and (2) legislation to require all workplaces to be

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smoke-free in the 2007-2008 and 2009 Wisconsin legislative sessions.

METHODS

Registered lobbyists are required by law to submit semi-annual reports on their activities and expenditures.⁴ Lobbying reports submitted to the Wisconsin Government Accountability Board (GAB) for the 2007-2008 legislative and the January through June 2009 floor period of the 2009-2010 session were collected and analyzed for activities related to tobacco. Review of the data on expenditure and hours of effort indicated that 2 issues were far more extensively lobbied than all others: increasing the tobacco excise tax and legislation requiring smoke-free workplaces.

The GAB website (<http://ethics.state.wi.us/>) lists registered lobbyists who declare an interest in specific legislation. The lobbying reports of organizations identifying Senate Bill (SB) 150 and Assembly Bill (AB) 834 (prohibiting smoking in places of employment) for the 2007-2008 session and the budget bill and Senate Bill (SB) 181 and Assembly Bill (AB) 253 (prohibiting smoking in places of employment) for the 2009-2010 session as items of interest were analyzed.⁵ Lobbying reports detail the effort of the registrant on each bill as a percentage of their overall effort. Overall effort is represented by the total expenditure and hours expended.

Reports of anti-tobacco control and pro-tobacco control organizations were reviewed to determine the overall effort and the percentage of effort related to increasing the tobacco excise tax. Reports that indicated a small or minimal level of activity (<\$10,000) were grouped together in a single category of "others."⁶ While the amount of funds spent on lobbying or the number of hours of effort often is not the most important factor in the passage of legislation, the substantial growth of lobbying activity indicates its important political effect.

RESULTS

2007-2008 Session

Anti-tobacco control organizations expended over 3 times more than pro-tobacco control organizations on lobbying on

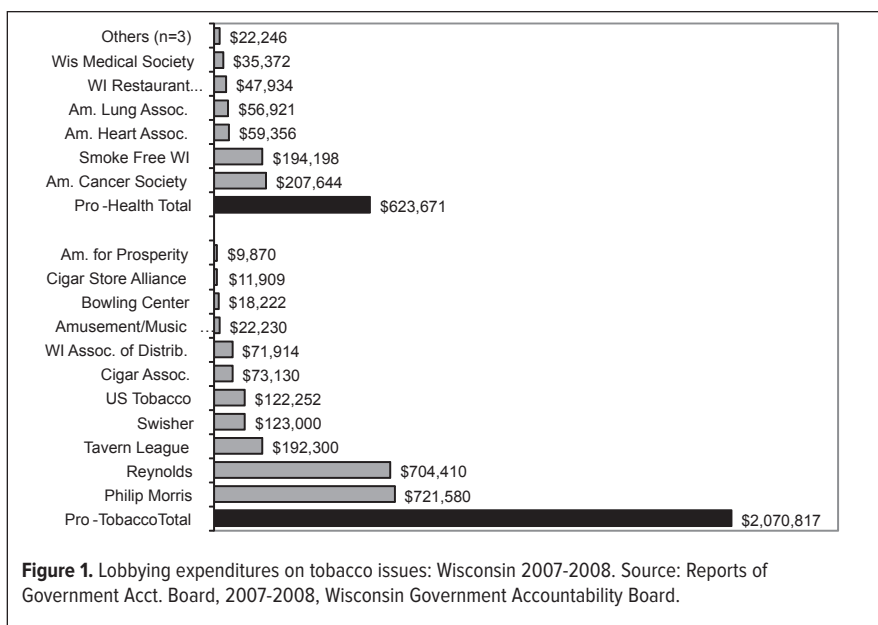


Figure 1. Lobbying expenditures on tobacco issues: Wisconsin 2007-2008. Source: Reports of Government Acct. Board, 2007-2008, Wisconsin Government Accountability Board.

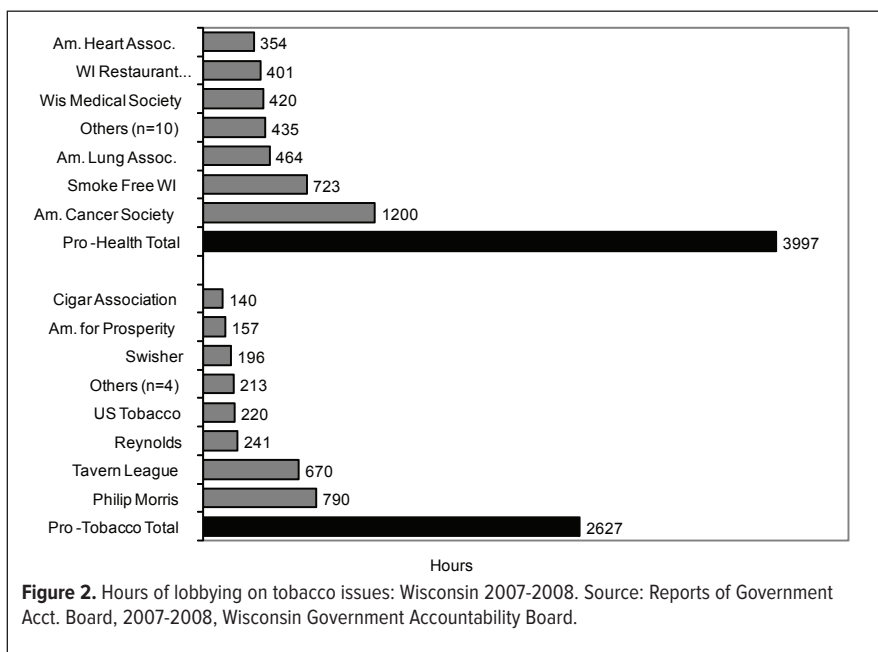


Figure 2. Hours of lobbying on tobacco issues: Wisconsin 2007-2008. Source: Reports of Government Acct. Board, 2007-2008, Wisconsin Government Accountability Board.

the 2 primary tobacco-related legislative proposals. Proponents of low tobacco taxes and opponents of SB 150 (the "smoke-free" bill) spent \$2,070,817 in the session. In contrast, supporters of higher tobacco taxes and the smoke-free workplace legislation spent a total of \$623,671 (Figure 1).

Two tobacco corporations, Philip Morris and Reynolds American, spent \$1,426,000 or 69% of all anti-tobacco control funds. The expenditure of each of these companies exceeded the funds spent by all pro-tobacco control groups combined. The focus of their lobbying was opposition to the governor's proposed \$1 per pack increase in the cigarette tax and proportionate increases in other tobacco products. Swisher, a low-cost cigar manufacturer; UST, a maker of smokeless tobacco; and

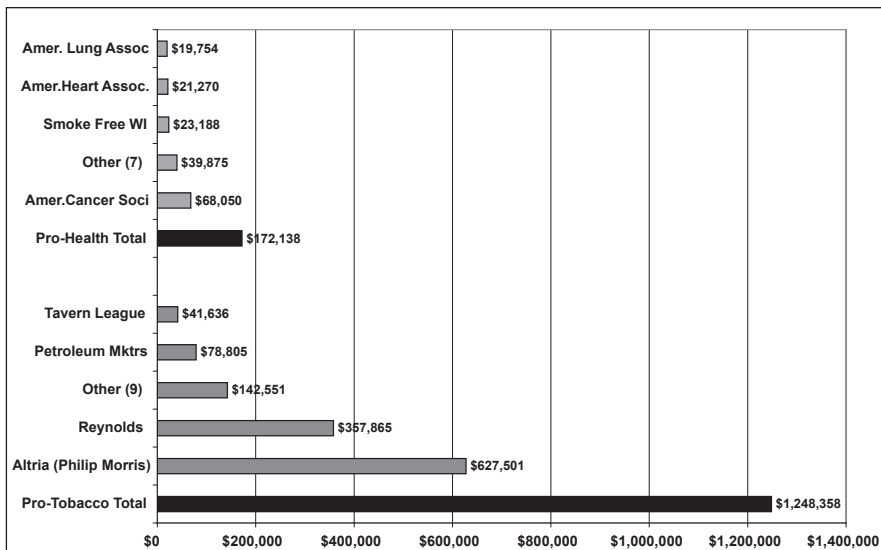


Figure 3. Lobbying expenditures on tobacco issues: Wisconsin 1/2009-6/2009. Source: Reports of the Government Acct. Board, 2009, Wisconsin Government Accountability Board.

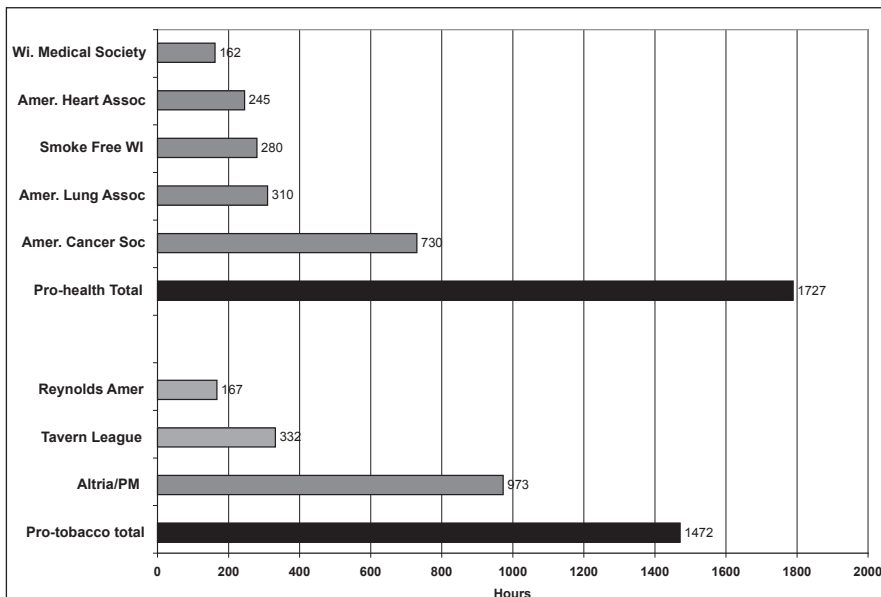


Figure 4. Hours of lobbying on tobacco issues: Wisconsin 1/2009-6/2009. Source: Reports of Government Acct. Board, 2009, Wisconsin Government Accountability Board.

the Cigar Association also focused their activities on opposing the tobacco tax and spent a combined total of \$318,000.

The pro-tobacco control organization expenditure of \$623,671 was fairly evenly divided between support of the tobacco tax and the smoke-free workplace legislation. SmokeFree Wisconsin devoted more of its resources in support of the smoke-free workplace legislation, while the American Cancer Society and the American Lung Association focused on increasing taxes on tobacco products.

The primary opponent of smoke-free workplaces was

the Tavern League of Wisconsin, which reported expenditures of nearly \$195,000 in opposition to the proposed legislation.

The lobbying hours expended by the 2 groups of organizations show the opposite relationship to their fiscal expenditures. Pro-tobacco control organizations expended 3997 hours in the legislative session while the anti-tobacco control organizations expended 2627 hours. (Hours expended by both groups only describes the hours of effort by registered lobbyists. It does not include the greater efforts of advocate-volunteers such as tavern owners and physicians.) (See Figure 2.)

While most of the public health organizations lobbied for both higher taxes and smoke-free public places, tobacco organizations focused one proposal or the other. For example, Philip Morris lobbied on taxes, while the Tavern League focused on opposition to smoke-free workplaces. The tobacco industry's efforts cost an average of \$788 per hour, while the cost per hour for the public health organizations was \$156.

2009 - 2010 Session

Expenditures for the January through June 2009 floor period focused on the biennial budget. The budget was important to anti-tobacco control and health groups because Wisconsin Governor Jim Doyle included an increase of 75 cents in the cigarette excise tax (along with related taxes on other tobacco products) and the smoke-free workplace legislation.

Tobacco companies (Altria/Philip Morris and Reynolds American) spent \$985,366 in the first 6 months. These 2 companies were the 2nd and 6th highest spenders for lobbying services during the period. Tobacco retailers and distributors spent an additional \$142,551. The Tavern League and other opponents to the smoke-free legislation spent less than \$100,000 for lobbying expenses (Figure 3).

Pro-tobacco control groups, who spent just over \$172,000, were outspent by tobacco groups 7:1. The American Cancer Society had the highest lobbying expenditure with \$68,000. Similar to the 2007-2008 period, pro-tobacco control groups

reported many more lobbying hours than the anti-tobacco control groups (1727 hours vs 1472, respectively). Health organizations spent an average of \$100 per hour for lobbying while the tobacco organizations spent an average of \$848 per hour (Figure 4).

DISCUSSION

More than \$2.5 billion worth of tobacco products were sold in Wisconsin in 2008. More than half of those dollars went to tobacco manufacturers while the remainder was received by state and local government and retail and wholesale distributors.⁷ Because sharp increases in tobacco taxes are related to reduction in tobacco product sales,⁸ the tobacco industry spent relatively large amounts of money on lobbying fees to eliminate or reduce the tax increases. However, the efforts of anti-tobacco control organizations to lower or eliminate the governor's proposal to increase cigarette taxes by \$1 per pack in January 2008 and a 75-cent increase in September 2009 were unsuccessful.

The legislation to prohibit smoking in workplaces was introduced in both legislative houses and passed in Senate and Assembly committees in 2008. However, the bill was not voted on by either house. While it is arguable how much of the decision to withhold the legislation was due to the lobbying of anti-tobacco control organizations, it is likely that these efforts affected the behavior of some Senate members. In the following session, the proposal for smoke-free workplaces was passed in May 2009 and took effect in July, 2010.

Lobbying expenditures, including hours spent lobbying for legislation, is only 1 measure of legislative activity and impact. The ability of an organization to mobilize its members, sway public opinion, and gain media attention are also critical factors in influencing legislators. One cannot say with certainty which part of a legislative effort was most important in achieving a legislative victory. However, it appears that given the sharp increases in lobbying expenditures, organizations that are experienced in public policy understand its value to the overall process.

While the legislature enacted significant tobacco control policies, it also reduced funding for tobacco control by 55%—from \$15 million per year to \$6.85 million per year. This is despite a 135% increase in tobacco revenues the past 3 years, from \$318 million per year to \$741 million per year. Other states have found that the loss of effective tobacco control programs leads to future increases in tobacco use.⁹

CONCLUSION

Nearly a half century after the first surgeon general's report, efforts to reduce tobacco's health and economic costs remain controversial. Despite a strong scientific consensus on the negative health effects of secondhand smoke, political and

economic forces often are paramount when public policy is made. Although the tobacco companies have suffered setbacks in the last decade, they continue to employ significant financial resources to oppose policies that reduce the affordability, access, or use of their products. This report highlights the tobacco industry's willingness and ability to outspend pro-tobacco control organizations in lobbying for its agenda. However, the data also indicate that despite significant industry expenditures, pro-tobacco control organizations are able to expend more hours of effort and succeed in achieving much of their agenda.

Funding/Support: This project was supported by grant P30 CA014520 from the National Cancer Institute.

Financial Disclosures: None declared.

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