

**NLWJC - Kagan**

**DPC - Box 046 - Folder-007**

**Tobacco-Settlement: Legislative  
Outreach - Hansen-Meehan**

Tob - rec - legislative  
outreach -  
Hansen-Meehan

THE WHITE HOUSE  
WASHINGTON

June 2, 1998

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed

SUBJECT: Meeting with Representative Waxman

As you know, you, Larry, Donna and I are meeting with Representative Waxman tomorrow to discuss possible House strategy for the tobacco legislation. Recent reports in the press indicate that the House Republican Leadership has proposed principles for legislation that are much more scaled back than the McCain legislation.

As you are aware, Representative Waxman is an original cosponsor of the Hansen-Meehan bill, for which the President expressed support when it was introduced in May. Representative Waxman played a key role in shaping the bill, including the youth lookback surcharges. Waxman proposed, and Hansen and Meehan adopted, making all surcharges company specific and none industry wide, and setting the company-specific surcharges at a very high level. The Hansen-Meehan-Waxman bill currently has 95 cosponsors, including 11 Republicans. A comparison of McCain and Hansen-Meehan is attached.

Representative Waxman probably will express disappointment that we opposed the Gregg amendment, which stripped the McCain bill of liability limits. He may indicate that he will not agree to any liability limits in the House bill or in conference.

Talking Points

- For many years, you have been on the forefront of the fight to protect all Americans from the dangers of smoking. We have a historic opportunity right now to make this a reality, but we need the House to take up comprehensive tobacco legislation as soon as possible.
- As you know, we support the Hansen-Meehan-Waxman bill, and very much appreciate the role you played in making that a good, strong bill. Of course, we would be very happy to see that vehicle considered by the full House.
- As you know, our number one enemy is a "skinny" bill -- one that does not meet the President's five principles for comprehensive tobacco legislation and protecting the public health.
- We would very much appreciate your feedback as to how to jumpstart this process in the House in order to secure passage of comprehensive tobacco legislation.

**Comparison of Tobacco Proposals**  
June 2, 1998

	<b>McCain</b>	<b>Hansen-Meehan</b>
<b>Price Increase</b>	\$1.10 over 5 years	\$1.50 over 3 yrs
<b>Penalties:</b> 1. Industry	Industry penalties are based on the number of percentage points missed: \$80 million (1-5 points); \$160 million (6-10 points); \$240 million (11 points or more). Penalties are capped at \$4 billion.	None
2. Company Specific	\$1000 per teen by which the company misses the youth smoking reduction targets (twice the profits of hooking a teen).	1 cent per pack per percentage point, and for repeated violations, additional access and marketing restrictions such as requiring generic packaging and forbidding single pack sales.
<b>Youth Smoking Reduction Targets</b>	Reduces youth smoking by 60% over 10 years.	Reduces youth smoking by 80% over 10 years.
<b>Full FDA Authority</b>	Provides full authority in a separate title.	Provides full authority within existing title.
<b>Advertising and Access Provisions</b>	Codifies advertising and access provisions in the FDA rule and adds additional restrictions through a consent protocol.	Codifies advertising and access provisions in the FDA rule and probably adds additional restrictions.
<b>Protections of Tobacco Farmers</b>	Includes Sen. Ford's LEAF Act which includes compensation (buyout and/or subsidies) for producers; continues a price support program.	None

	<b>McCain</b>	<b>Hansen-Meehan</b>
<b>Comprehensive Plan to Use Tobacco Revenue to Protect Public Health and Assist Children</b>	Revenues would be divided accordingly: 22% for medical research; 22% for public health efforts; 40% for the states (half unrestricted and half for designated purposes); and 16% for farmers.	Revenues would go toward smoking cessation/public health programs, payments to states, and reducing federal debt.
<b>Environmental Tobacco Smoke Provision</b>	Includes provisions to protect against environmental tobacco smoke; allows states to opt out only if they have state laws that are equally protective; exempts the hospitality industry (e.g., bars, restaurants).	Includes provisions to protect against environmental tobacco smoke, and does not allow states to opt out. Exempts bars, but not restaurants.
<b>Liability Protections for Industry:</b>		
1. Liability Cap	None (due to Gregg amendment which struck the \$8 billion cap).	None
2. Bar on Class Actions	None	None
3. Bar on Punitive Damages	None	None