



Campaign Contributions By Tobacco Interests Annual Report: September 2006

This annual report provides detailed updates of the tobacco industry's campaign contributions to sitting members of Congress, candidates for federal office, political parties, leadership PACs and other political action committees. The report also provides additional information on the tobacco companies' political influence, including analyses of the correlation between these contributions and the tobacco-related legislation that members of the U.S. Congress support.

Highlights

- So far in the 2005-2006 election cycle¹, the tobacco industry has given nearly \$3 million in PAC contributions to federal candidates, political parties and other political action committees. Since 1997, tobacco interests have given more than \$32.8 million in political donations to federal candidates, national parties and non-party political action committees.
- In the 2005-2006 election cycle to date, tobacco company PACs have donated more than \$1.7 million directly to federal candidates. Overall, 78 percent of the tobacco PAC contributions went to Republican candidates (\$1.33 million) and 22 percent went to Democratic candidates (\$375,250). In the 2003-2004 election cycle, these PACs donated over \$2 million directly to federal candidates², with 78 percent (\$1.6 million) of the total donations going to Republican candidates.
- Tobacco PACs have also donated more than \$1.2 million to non-candidate committees, which include state and national party committees and leadership PACs, so far in the 2005-2006 election cycle. Donations to non-candidate committees include nearly \$370,000 to Democratic (\$80,500) and Republican (\$288,500) party committees, more than \$680,000 to leadership PACs (\$95,000 Democratic and \$587,128 Republican) established by individual members of Congress and nearly \$230,000 to other non-party committees (including PACs associated with a particular issue, industry or ideology).
- According to the most recent figures compiled by Common Cause, the tobacco industry spent more than \$20 million on professional lobbying firms and in-house lobbyists in 2005. That amounts to more than \$135,000 for every day Congress was in session. In 2004, the tobacco industry spent more than \$23 million on professional lobbying firms and in-house lobbyists.

¹ This report includes figures based on full-cycle data from the 2003-2004 election cycle and the three previous election cycles. Contributions listed in this report for the 2005-2006 cycle are based on incomplete, partial-cycle data released by the Federal Election Commission on August 9, 2006.

² The amount includes \$2,000 from tobacco PACs to President Bush's 2004 reelection campaign, but does not include any contributions by executives or employees of tobacco companies. Although Edward D. Kratovil, Vice President of UST, was one of the Bush-Cheney "Pioneers" (a group of individuals who raised a minimum of \$100,000 for the Bush 2004 reelection effort), those contributions are not included in this report.

- Altria Group and UST each gave the maximum contribution of \$250,000 to George W. Bush's 2005 Presidential Inaugural Committee³. During the most recent election, the tobacco companies also donated to the Republican and Democratic national conventions. According to a report by the Campaign Finance Institute, Altria Group (\$142,094) and U.S. Tobacco (\$299,360) each donated to the 2004 Republican National Convention in New York. Altria was also named a "Bronze benefactor" of the 2004 Democratic National Convention in Boston, giving \$120,501.⁴
- Tobacco companies contributed more than \$6.2 million to "527 groups" since August 2000. Sometimes referred to as "stealth PACs," 527s are political committees formed for the purpose of influencing elections, but cannot directly contribute to federal candidates or use words that expressly advocate someone's election or defeat.
- In a recent *Wall Street Journal* article, Reynolds American spokesman David Howard said, "Our approach to our political contributions is that we support those who will support us or will give us an ear." The article noted that some corporations were shifting some of their contributions to Democrats, anticipating Democrats having "more sway" in Washington after the November election.⁶
- A June 2006 Report issued by The Center For Public Integrity revealed that from January 2000 through June 2005, Republican and Democratic lawmakers accepted nearly \$50 million in trips from corporations and groups seeking legislative favors.⁷ The Center For Public Integrity website shows that the single most expensive trip was sponsored by Brown & Williamson. In 2000, the tobacco company sponsored a \$31,171 trip to London for then Representative Thomas Bliley Jr. (R-VA).⁸
- An earlier article in the *Washington Post* report revealed that a dozen current or former House and Senate leaders flew on corporate-owned jets at least 360 times from January 2001 to December 2004. In the *Post* analysis, three tobacco companies were among the top ten in the number of trips provided to lawmakers. UST ranked 1st, R.J. Reynolds was 3rd and Philip Morris was 8th. The use of these jets is permitted under congressional ethics rules, which allows lawmakers to fly on them to fundraisers and other events. The *Post* article explains, "Although lawmakers must make some form of reimbursement for each flight, the payments are always a fraction of the actual cost and do not come from the lawmakers' pockets. Instead, they come from campaign funds contributed by corporate-run political action committees and other donors, including donations that in some cases nearly match the amount of the reimbursements."⁹
- Congress has not voted on any significant tobacco legislation this year, although a bi-partisan team of legislators continues to push for legislation to grant the FDA authority to regulate tobacco products.

³ Public Citizen, "Financing Presidential Inaugural Ceremonies." Read the full report at <http://www.citizen.org/congress/campaign/issues/inauguration/>

⁴ The Campaign Finance Institute, update to "The \$100 Million Exemption: Soft Money and the 2004 National Party Conventions." Read the full report at <http://www.cfinst.org/eguide/partyconventions/financing/cfistudy.html>

* Tobacco companies also participated in the 2000 national party conventions. Philip Morris provided \$250,000 to finance the 2000 Republican National Convention in Philadelphia, and Philip Morris, Brown & Williamson and U.S. Tobacco sponsored several convention-related parties and events. While the 2000 Democratic Convention refused any direct tobacco industry funding, tobacco interests sponsored convention-related events and parties. Additionally, Philip Morris and U.S. Tobacco each contributed the maximum \$100,000 to help finance President George W. Bush's 2001 inauguration, as did Philip Morris's Kraft subsidiary.

⁶ Mullins, Brody, "Corporate Contributions Shift to the Left," *The Wall Street Journal* (June 19, 2006)

⁷ Birnbaum, Jeffrey, "Privately Funded Trips Add Up on Capitol Hill," *The Washington Post* (June 6, 2006)

⁸ <http://www.publicintegrity.org/powertrips/report.aspx?aid=248>

⁹ Smith, R. Jeffrey & Willis, Derek, "Hill Leaders Often Take Corporate Jets: Companies Offer Discount Flights and Gain Access," *The Washington Post* (May 5, 2005)

- There was a significant amount of activity during the last Congress regarding FDA authority to regulate tobacco products. For the first time in history, a House of Congress, the U.S. Senate, voted to pass FDA legislation – and did so overwhelmingly (78 in favor to 15 against).

The Senate passed amendment, sponsored by Senators Mike DeWine (R-OH) and Edward Kennedy (D-MA), included FDA regulation of tobacco and a buyout of tobacco farmers. It was included in the Senate version of a large corporate tax bill called the Foreign Sales Corporation, or FSC, bill. The House version of the bill included a tobacco buyout, but no FDA regulation.

In House-Senate negotiations to reconcile different versions of the tax bill, House Ways and Means Committee Chairman Bill Thomas (R-CA) and Senate Finance Committee Chairman Charles Grassley (R-IA), failed to include the FDA provision in the draft they circulated to the conference committee. The full conference committee rejected two attempts to amend the bill to include the FDA provision passed in the Senate. In each case a majority of Senators on the conference committee voted for the amendment, but a majority of House members did not.

As detailed later in this report, those members of the conference committee who voted against the inclusion of FDA regulation received, on average, about five times the amount of tobacco industry campaign contributions as their counterparts who supported the FDA provision.

- An article from *CQ Today* explained how Former Rep. Tom DeLay (R-TX) considered the defeat of FDA legislation one of his major accomplishments from the last Congress, and that he worked closely with his former staff person - a lobbyist for RJ Reynolds - to ensure its failure. The article goes on to say that DeLay "insisted that...House negotiators stand firm against the FDA tobacco regulation that Senators wanted." It also points out that from 2000-2005, RJR and UST donated \$37,000 to DeLay's legal defense fund and another \$10,000 to his leadership PAC in 2004.¹⁰

All campaign contributions cited in this report are based on data released by the Federal Election Commission (FEC) on August 9, 2006. This report contains the final numbers for the 2003-2004 election cycle as well as the first contributions during the 2005-2006 election cycle. The Tobacco-Free Kids Action Fund and Common Cause will issue the next annual report on campaign contributions by tobacco interests in September 2007.

Report Contents

This report details many forms of contributions from tobacco interests, including:

- **Direct “hard money” contributions from political action committees (PACs) to elected officials and federal candidates.** Since current law prohibits corporations, such as the tobacco companies, from making direct contributions to political candidates out of their own corporate treasuries, the most direct way that tobacco companies contribute to federal candidates is through corporate-run PACs. Tobacco companies establish and administer these PACs in order to collect money from tobacco company executives, employees, and other individuals and committees wishing to promote the interests of the particular tobacco company or the tobacco industry. The tobacco PACs contribute directly to campaign committees in an effort to elect and defeat particular candidates. PAC contributions are referred to as “hard money” because they are regulated under federal election law, and candidates can use them for any legal campaign purpose. By law, PACs can contribute a maximum of \$5,000 per candidate per election (a candidate facing a primary and general election can receive up to \$10,000 from a PAC).

¹⁰ Ota, Alan, “Hastert Calls on DeLay as ‘Super Conferee,’” *CQ Today* (May 23, 2005).

- **Unlimited “soft money” contributions to political parties and committees.** The Bipartisan Campaign Reform Act of 2002 (effective November 6, 2002) prohibits national political parties and federal candidates and officeholders from raising “soft money” – unlimited donations that corporations, labor unions and individuals made to political parties prior to implementation of the campaign finance reform law. Corporations such as tobacco companies made these soft money contributions directly from their corporate treasuries. *On December 10, 2003, the U.S. Supreme Court upheld nearly all elements of the Bipartisan Campaign Reform Act, including the ban on soft money fundraising by national parties, federal candidates and federal officeholders.* Reforms under the Bipartisan Campaign Reform Act of 2002 (the McCain-Feingold/Shays-Meehan bill) took effect on November 6, 2002. The Bipartisan Campaign Reform Act prohibits national political parties and federal candidates and officeholders from raising soft money, prohibits the use of corporate and union treasury money to fund broadcast ads that mention federal candidates and that are aired close to an election, and increases the limits for individual contributions to federal candidates. This report details past soft money donations, including donations to the major party committees as well as contributions to committees affiliated with the major parties, such as dinner committees and other fundraising committees.
- **Contributions to non-candidate committees, including the leadership PACs increasingly utilized by politicians seeking favor with their colleagues.** In addition to contributing directly to candidate committees, tobacco PACs also contribute to non-candidate committees, primarily leadership PACs established by members of Congress and other political leaders. Politicians establish leadership PACs as a way of raising money to help fund other candidates’ campaigns. These leadership PACs have a dual purpose: They allow contributors, like tobacco companies, to give more money to candidates, and they allow Senators and Representatives who establish these PACs to increase their political influence and power by delivering hard-money campaign contributions to other federal candidates. Tobacco PACs also contribute to committees affiliated with the Democratic and Republican parties and non-party committees. PACs can give up to \$15,000 annually to any national party committee and \$5,000 annually to any other PAC.

In addition to releasing the most current contribution figures from tobacco companies and their PACs, the quarterly reports also detail the ways in which the tobacco industry contributions appear to influence the political process, including examining the correlation between tobacco contributions, pending tobacco legislation, and recent congressional votes.

This quarterly report's development and distribution is meant to provide information and analysis on the tobacco industry's extraordinary political influence, especially in regard to the U.S. Congress and the Federal Government. Toward this end, this report offers a range of information, including data on direct and indirect tobacco industry contributions to members of Congress, other elected officials, and other candidates for elected office. Nothing in this report is meant in any way to endorse, support, or oppose the election of any candidate, or to indicate any support or opposition to any candidate's election by any of the sponsoring organizations.

Overview

Since 1997, tobacco interests have given more than \$32.8 million in political donations to federal candidates, national parties and non-party political action committees. Republican candidates and committees have received 79 percent of the tobacco industry's contributions (nearly \$26 million), and Democratic candidates and committees have received 18 percent of the industry's contributions (nearly \$6 million).

The overall total includes more than \$10.9 million in PAC money to federal candidates and \$16.8 million in soft money donations to political parties. Tobacco company PACs have also given more than \$5 million to non-candidate committees since 1999, including party committees, leadership PACs and other non-party committees.

CONTRIBUTIONS FROM TOBACCO INTERESTS								
Election Cycle	PAC Contributions to Federal Candidates		Soft Money to Parties		PAC Contributions to Non-Candidate Committees			Total
	Democrats	Republicans	Democrats	Republicans	Democratic	Republican	Other Non-party	
1997-1998	\$644,171	\$1,680,683	\$869,677	\$4,595,641	--	--	--	\$7,790,172
1999-2000	\$631,988	\$1,733,801	\$623,522	\$4,750,893	\$99,850	\$722,041	\$129,850	\$8,691,945
2001-2002	\$551,310	\$1,857,094	\$1,220,060	\$4,813,166	\$109,500	\$752,432	\$121,050	\$9,424,612
2003-2004	\$459,250	\$1,616,334	N/A	N/A	\$237,500	\$1,139,999	\$482,192	\$3,935,275
2005-2006*	\$375,250	\$1,330,000	N/A	N/A	\$175,500	\$875,628	\$229,636	\$2,986,014
Total	\$2,661,969	\$8,217,912	\$2,713,259	\$14,159,700	\$622,350	\$3,490,100	\$962,728	\$32,828,018

***All of the figures for the 2005-2006 election cycle are based on incomplete, partial-cycle data released by the FEC on August 9, 2006.**

PAC Contributions to Federal Candidates include contributions to Democratic and Republican candidates for federal office. The table does not reflect contributions to independent candidates, which total \$23,250 since 1997. The total reflects donations from the political action committees established by tobacco companies only and do not include personal contributions made by tobacco company executives and employees.

Soft Money to Parties reflects contributions made by individuals associated with individual tobacco companies as well as contributions from the corporate treasuries of the tobacco companies. Soft money contributions are compiled by Common Cause based on contributions from January 1, 1997 to December 31, 2002.

PAC Contributions to Non-Candidate Committees include donations from the political action committees established by tobacco companies only and do not include personal contributions made by tobacco company executives and employees.

The totals for the Democratic and Republican non-candidate committees include party committees (national committees, state committees, and fundraising committees) and non-party committees identified as leadership PACs. For 2005-2006, the \$175,500 in contributions to Democratic non-candidate committees includes \$80,500 to party committees and \$95,000 to leadership PACs. For 2005-2006, the \$875,628 in contributions to Republican non-candidate committees includes \$288,500 to party committees and \$587,128 to leadership PACs.

The total for other non-party committees includes donations to non-party committees that are not identified as leadership PACs. Data for PAC contributions to non-candidate committees in the 1997-1998 election cycle are not readily available.

TOTAL TOBACCO INDUSTRY CONTRIBUTIONS
January 1, 1997 – August 9, 2006 (partial cycle)

Tobacco Company	PAC Contributions to Federal Candidates	Soft Money to Parties	PAC Contributions to Non-Candidate Committees	Total
1. Altria/Philip Morris	\$3,933,190	\$7,541,419	\$1,575,350	\$13,049,959
2. RJ Reynolds	\$2,918,000	\$1,997,561	\$1,032,500	\$5,948,061
3. U.S. Smokeless Tobacco Co.	\$1,537,850	\$2,369,274	\$1,007,674	\$4,914,798
4. Brown & Williamson	\$1,085,195	\$1,560,654	\$822,689	\$3,468,538
5. Lorillard	\$452,150	\$705,243	\$214,000	\$1,371,393
6. Swisher	\$214,500	\$424,875	\$239,500	\$878,875
7. Vector Group Ltd****	\$0	\$667,090	\$0	\$667,090
8. Conwood Co./Asworth	\$217,955	\$338,802	\$48,350	\$605,107
9. Tobacco Institute**	\$75,000	\$474,940	\$0	\$549,940
10. Smokeless Tobacco Council	\$13,378	\$285,950	\$505	\$299,833
11. Swedish Match North America Inc***	\$200,579	\$16,000	\$25,438	\$242,017
12. Cigar PAC/Cigar Assn. of America	\$89,034	\$96,150	\$36,300	\$221,484
13. Universal Leaf Tobacco Co.	\$65,300	\$110,000	\$44,000	\$219,300
14. Imperial Trading Co Inc****	\$0	\$99,817	\$0	\$99,817
15. General Cigar Holdings Inc****	\$0	\$90,000	\$0	\$90,000
16. Alliance One†	\$77,000	\$0	\$4,000	\$81,000
17. Standard Commercial Tobacco Co.††	\$24,000	\$0	\$24,872	\$48,872
18. Dosal Tobacco Corp****	\$0	\$26,180	\$0	\$26,180
19. NTI Inc****	\$0	\$25,000	\$0	\$25,000
20. S&M Brands Inc****	\$0	\$19,004	\$0	\$19,004
21. Roco Tobacco USA Inc****	\$0	\$15,000	\$0	\$15,000
22. Premier Marketing Inc****	\$0	\$10,000	\$0	\$10,000
TOTAL	\$10,903,131	\$16,872,959	\$5,075,178	\$32,851,268

***All of the figures for the 2005-2006 election cycle are based on incomplete, partial-cycle data released by the FEC on August 9, 2006.**

** Tobacco Institute disbanded as a result of the 1998 Master Settlement Agreement.

*** Swedish Match North America now includes Pinkerton Tobacco Company.

**** Company has not established a Political Action Committee (PAC).

† As of 2005-06, Dimon Corporation is Alliance One.

†† In 2005-06, Standard Commercial merged with Dimon to become Alliance One.

PAC Contributions to Federal Candidates include contributions to Democratic, Republican and independent candidates for federal office. Totals are based on contributions from January 1, 1997 to August 9, 2006.

Soft Money to Parties reflects contributions made by individuals associated with individual tobacco companies as well as contributions from the corporate treasuries of the tobacco companies. Soft money contributions are compiled by Common Cause based on contributions from January 1, 1997 to December 31, 2002.

PAC Contributions to Non-Candidate Committees include donations to leadership PACs, party committees and non-party committees. Totals are based on contributions from January 1, 1999 to August 9, 2006.

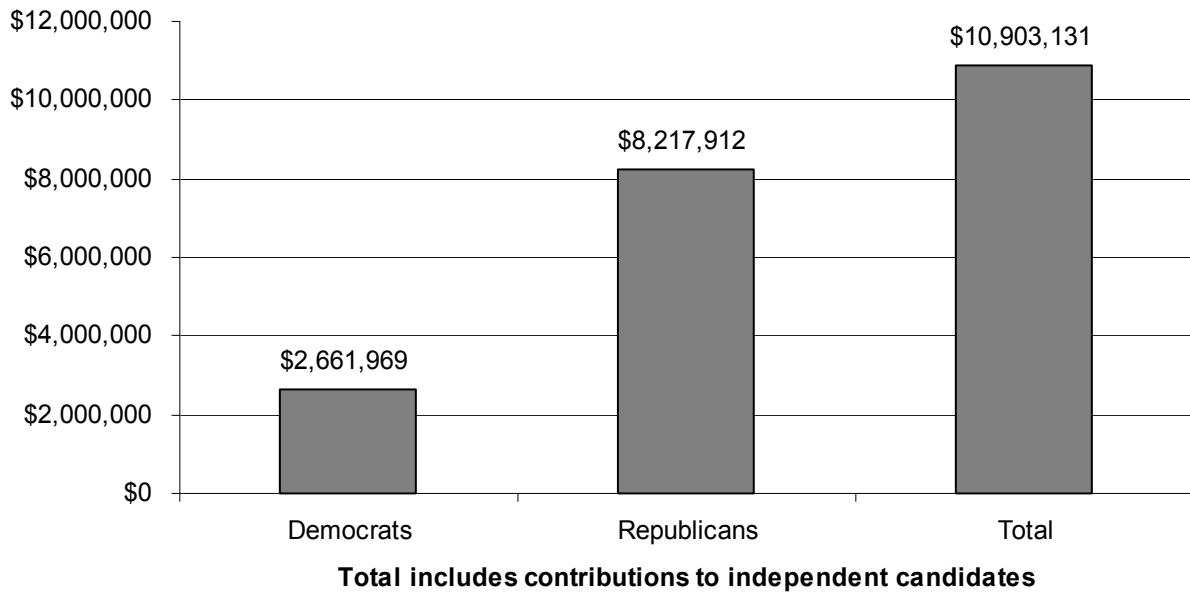
Tobacco PAC Money to Federal Candidates

Since 1997, the PACs established by tobacco companies have contributed more than \$10.9 million to candidates for federal office. The totals for the individual tobacco companies are from their political action committees only and do not include personal contributions made by tobacco company executives and employees directly to candidates. These contributions do include PAC donations to sitting members of Congress as well as challengers and former members of Congress. So far in the 2005-2006 election cycle, these PACs have contributed \$1,705,250 to federal candidates, with Republican candidates receiving \$1,330,000 and Democratic candidates receiving \$375,250.

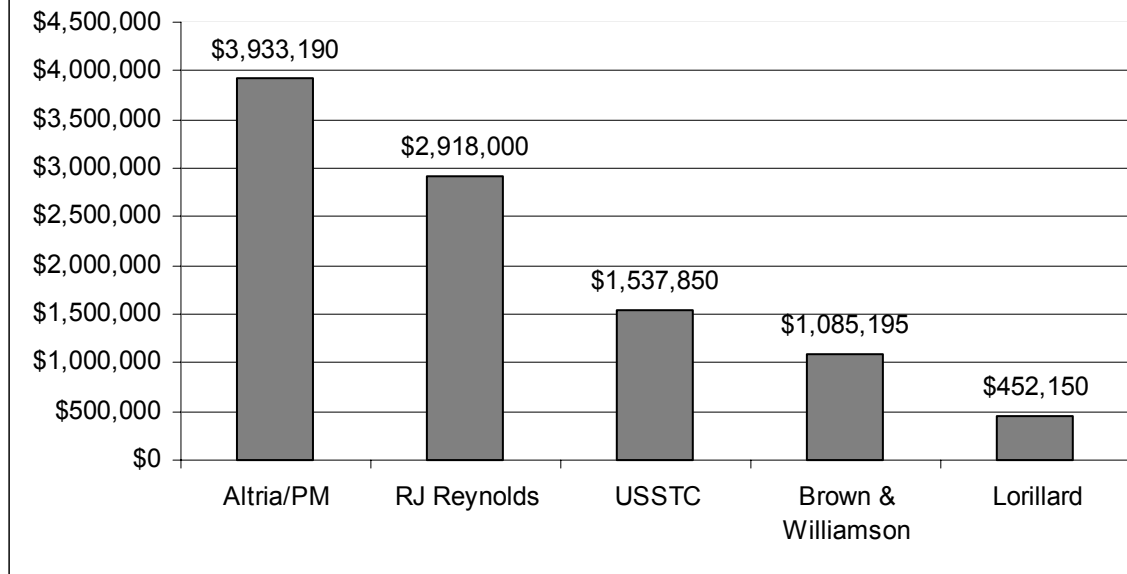
A detailed list of tobacco PAC contributions to all current members of Congress is available in Appendix A of this report. A list of tobacco PAC contributions to challengers for federal office and former members of Congress who received tobacco industry contributions is available in Appendix B of this report.

TOP TOBACCO PAC CONTRIBUTIONS TO FEDERAL CANDIDATES						
January 1, 1997 – August 9, 2006 (partial cycle)						
Tobacco PAC	2005-2006*	2003-2004	2001-2002	1999-2000	1997-1998	TOTAL
1. Altria/Philip Morris	\$628,500	\$746,500	\$896,500	\$867,157	\$794,533	\$3,933,190
2. RJ Reynolds/ Reynolds American	\$593,500	\$651,000	\$624,750	\$521,750	\$527,000	\$2,918,000
3. U.S. Smokeless Tobacco Co.	\$217,250	\$263,500	\$357,000	\$352,750	\$347,350	\$1,537,850
4. Brown & Williamson	-\$1,000	\$130,500	\$242,324	\$362,550	\$350,821	\$1,085,195
5. Lorillard	\$142,500	\$74,000	\$92,100	\$83,050	\$60,500	\$452,150
6. Swisher	\$34,000	\$54,500	\$48,000	\$44,000	\$34,000	\$214,500
7. Conwood Co./Asworth	\$30,500	\$55,000	\$55,000	\$45,955	\$31,500	\$217,955
8. Swedish Match North America Inc.**	\$30,872	\$32,212	\$40,495	\$48,750	\$48,250	\$200,579
9. Cigar PAC	\$14,500	\$22,500	\$16,860	\$19,974	\$15,200	\$89,034
10. Tobacco Institute***	-----	-----	-----	-----	\$75,000	\$75,000
11. Alliance One†	\$7,500	\$16,000	\$14,000	\$23,500	\$16,000	\$77,000
12. Universal Leaf Tobacco Co.	\$7,128	\$22,372	\$15,000	\$11,800	\$9,000	\$65,300
13. Standard Commercial Tobacco Co.††	\$0	\$7,000	\$6,000	\$5,000	\$6,000	\$24,000
14. Smokeless Tobacco Council	\$0	\$500	\$375	\$1,803	\$10,700	\$13,378
TOTAL	\$1,705,250	\$2,075,584	\$2,408,404	\$2,388,039	\$2,325,854	\$10,903,131
*All of the figures for the 2005-2006 election cycle are based on incomplete, partial-cycle data released by the FEC on August 9, 2006. Table includes total contributions to Democratic, Republican, and independent federal candidates.						
** Previously reported as Pinkerton Tobacco Company.						
*** Disbanded as a result of the 1998 Master Settlement Agreement.						
† As of 2005-06, Dimon Corporation is Alliance One.						
†† In 2005-06, Standard Commercial merged with Dimon to become Alliance One.						

**Tobacco PAC Contributions to Federal Candidates
January 1, 1997 - August 9, 2006**



**Tobacco PAC Contributions to Federal Candidates
January 1, 1997 - August 9, 2006**



Tobacco Soft Money Totals

The Bipartisan Campaign Reform Act of 2002 (the McCain-Feingold/Shays-Meehan bill) prohibits national political parties and federal candidates and officeholders from raising soft money. The new law also prohibits the use of corporate and union treasury money to fund broadcast ads that mention federal candidates and that are aired close to an election. *On December 10, 2003, the U.S. Supreme Court upheld nearly all elements of the Bipartisan Campaign Reform Act, including the ban on soft money fundraising by national parties, federal candidates and federal officeholders.*

In previous years, the tobacco companies embraced the soft money loophole in the national campaign finance law to contribute millions of dollars to political parties¹¹. Between 1997 and 2002, the tobacco industry gave more than \$16.8 million in soft money donations to the Democratic and Republican parties. Eighty-four (84) percent of the soft money donations went to the Republican party (\$14,159,700) and 16 percent went to the Democratic party (\$2,713,259). The soft money totals reflect contributions made by individuals associated with individual tobacco companies as well as official company contributions.

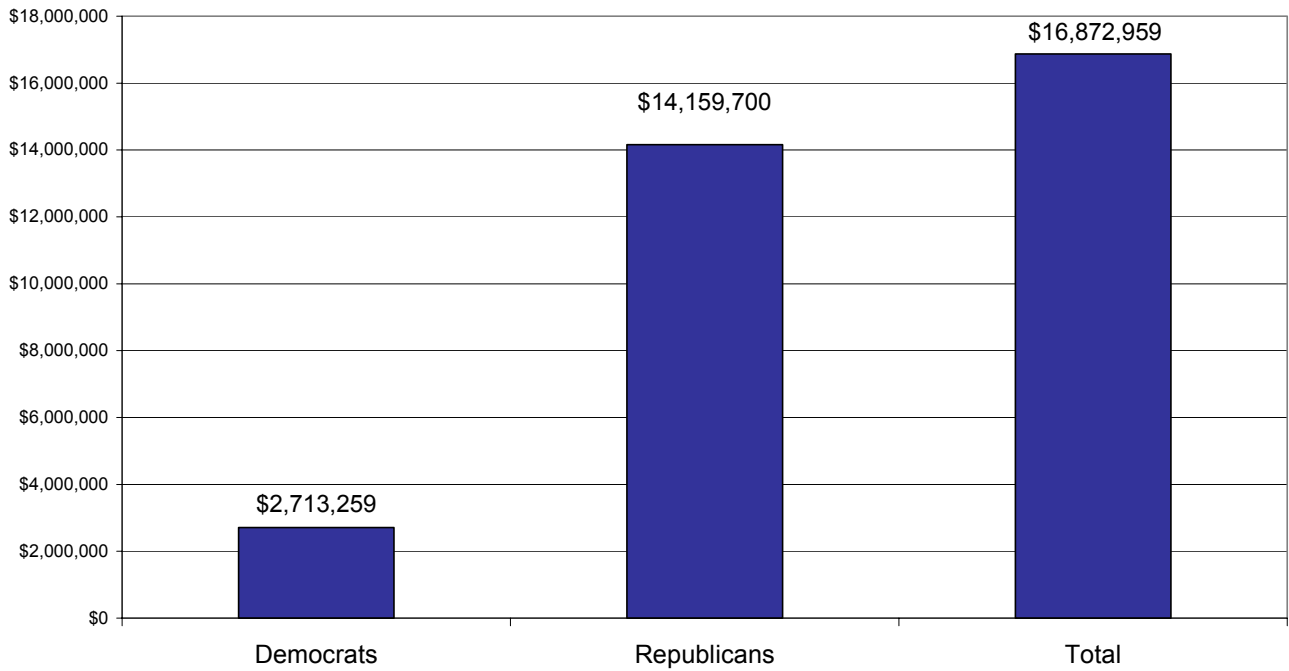
In the 2001-2002 election cycle, the tobacco industry gave more than \$6 million in soft money contributions – well over twice as much as the tobacco PACs gave in hard money.

SOFT MONEY CONTRIBUTIONS BY TOBACCO INTERESTS				
January 1, 1997 – December 31, 2002				
	2001-2002	1999-2000	1997-1998	Total
1. Altria/Philip Morris	\$2,714,752	\$2,390,289	\$2,436,378	\$7,541,419
2. U.S. Smokeless Tobacco Co.	\$915,470	\$1,048,939	\$404,865	\$2,369,274
3. RJ Reynolds/Reynolds American	\$422,981	\$429,657	\$1,144,923	\$1,997,561
4. Brown & Williamson	\$411,679	\$584,725	\$564,250	\$1,560,654
5. Loews Corp/ Lorillard	\$422,613	\$227,630	\$55,000	\$705,243
6. Vector Group Ltd	\$561,000	\$90,000	\$16,090	\$667,090
7. Tobacco Institute*	\$0	\$0	\$474,940	\$474,940
8. Swisher Intl Inc	\$159,350	\$203,025	\$62,500	\$424,875
9. Conwood Co/Asworth	\$160,980	\$119,250	\$58,572	\$338,802
10. Smokeless Tobacco Council Inc	\$5,000	\$54,150	\$226,800	\$285,950
11. Universal Leaf Tobacco Co	\$50,000	\$45,000	\$15,000	\$110,000
12. Imperial Trading Co Inc	\$14,217	\$85,600	\$0	\$99,817
13. Cigar Association of America	\$60,000	\$35,150	\$1,000	\$96,150
14. General Cigar Holdings Inc	\$90,000	\$0	\$0	\$90,000
15. Dosal Tobacco Corp	\$26,180	\$0	\$0	\$26,180
16. NTI Inc	\$0	\$25,000	\$0	\$25,000
17. S&M Brands Inc	\$19,004	\$0	\$0	\$19,004
18. Swedish Match North America Inc*	\$0	\$11,000	\$5,000	\$16,000
19. Roco Tobacco USA Inc	\$0	\$15,000	\$0	\$15,000
20. Premier Marketing Inc	\$0	\$10,000	\$0	\$10,000
Total	\$6,033,226	\$5,374,415	\$5,465,318	\$16,872,959

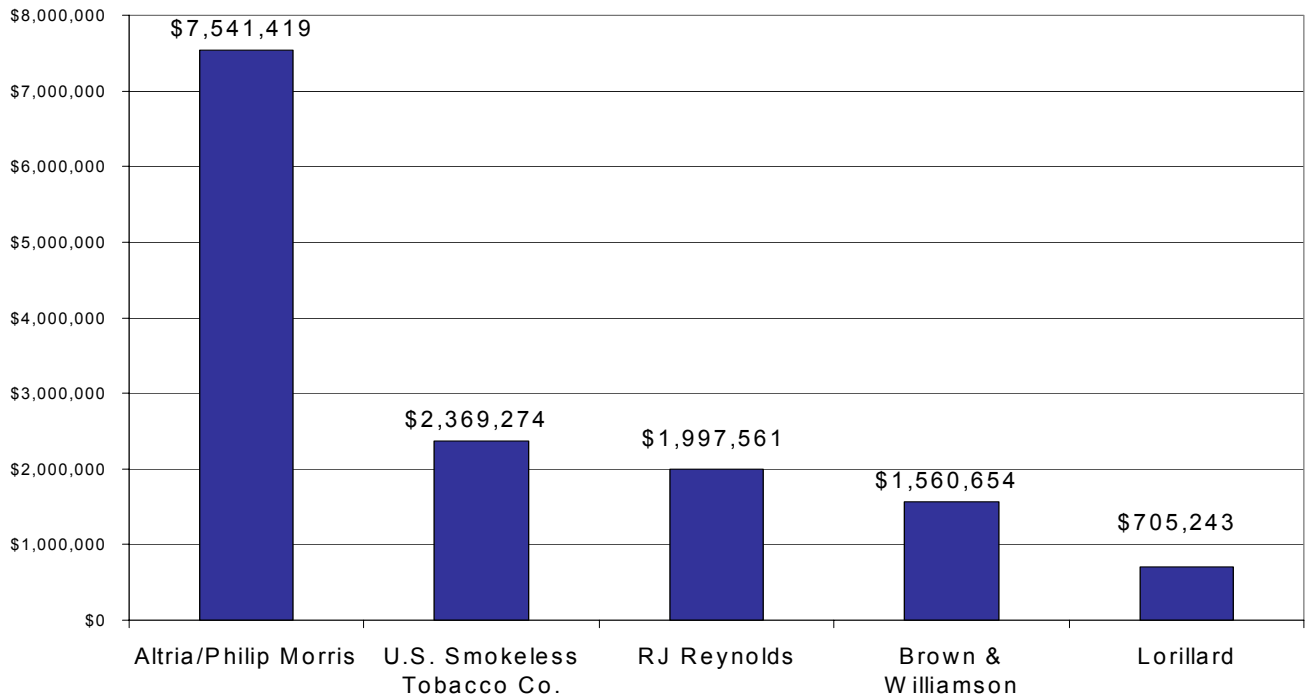
Soft money data is from Common Cause. The totals reflect contributions made by individuals associated with that organization as well as official company contributions. *Disbanded as a result of the 1998 Master Settlement Agreement.
* Pinkerton Tobacco is now a part of Swedish Match North America

¹¹ When soft money donations were permissible, Philip Morris was among the very largest soft money donors. The Center for Responsive Politics (CRP) issued a report detailing the 100 biggest contributors in American politics. Philip Morris was the second largest soft money donor since 1991 and the number one corporate soft money since 1991 according to the data in CRP's report. The Center for Responsive Politics report is available at (<http://www.opensecrets.org/orgs/index.asp>). Philip Morris/Altria is now number 17 on CRP's time contributor list (number four among corporate donors), including both PAC and soft money contributions.

Tobacco Soft Money Contributions By Party
 January 1, 1997 - December 31, 2002



Soft Money Contributions by Tobacco Interests
 January 1, 1997 - December 31, 2002



Tobacco Money to Major Party Committees

When soft money donations were permissible, nearly all of the soft money contributions from tobacco interests to national political parties were made directly to the Republican and Democratic party committees. The overall total also includes soft money contributions made to other committees affiliated with the major parties, such as fundraising committees¹². The major party committees that receive the majority of soft money contributions from the tobacco industry are the Democratic Congressional Campaign Committee (DCCC), Democratic Senatorial Campaign Committee (DSCC), Democratic National Committee (DNC), National Republican Campaign Committee (NRCC), National Republican Senatorial Committee (NRSC) and the Republican National Committee (RNC). Tobacco interests, including tobacco companies, executives and employees, donated more than \$16.8 million in soft money to the major party committees since 1997, with 84 percent going to Republican party committees and 16 percent going to Democratic party committees.

SOFT MONEY CONTRIBUTIONS TO PARTY COMMITTEES January 1, 1997 – December 31, 2002

	DCCC	DSCC	DNC	NRCC	NRSC	RNC	Total Dems	Total Repubs	TOTAL
1. Altria/Philip Morris	\$605,663	\$496,583	\$140,500	\$1,516,215	\$1,290,550	\$3,491,909	\$1,242,746	\$6,298,673	\$7,541,419
2. U.S. Smokeless Tobacco Co.	\$130,800	\$80,640	\$0	\$671,341	\$578,244	\$908,249	\$211,440	\$2,157,834	\$2,369,274
3. RJ Reynolds/ Reynolds American	\$127,800	\$76,773	\$0	\$599,910	\$468,500	\$724,578	\$204,573	\$1,792,988	\$1,997,561
4. Brown & Williamson	\$42,500	\$15,000	\$0	\$465,450	\$456,350	\$581,354	\$57,500	\$1,503,154	\$1,560,654
5. Loews Corp	\$10,000	\$30,000	\$0	\$192,500	\$253,780	\$218,963	\$40,000	\$665,243	\$705,243
6. Vector Group Ltd	\$76,000	\$285,000	\$210,000	\$80,000	\$16,090	\$0	\$571,000	\$96,090	\$667,090
7. Tobacco Institute*	\$72,200	\$70,000	\$0	\$106,750	\$100,740	\$125,250	\$142,200	\$332,740	\$474,940
8. Swisher Intl Inc	\$138,500	\$0	\$0	\$131,125	\$107,500	\$47,750	\$138,500	\$286,375	\$424,875
9. Conwood Co LP	\$2,500	\$0	\$0	\$172,500	\$157,802	\$6,000	\$2,500	\$336,302	\$338,802
10. Smokeless Tobacco Council Inc	\$36,800	\$0	\$0	\$133,150	\$105,000	\$11,000	\$36,800	\$249,150	\$285,950
11. Universal Leaf Tobacco Co	\$0	\$0	\$0	\$30,000	\$50,000	\$30,000	\$0	\$110,000	\$110,000
12. Imperial Trading	\$0	\$0	\$0	\$0	\$0	\$99,817	\$0	\$99,817	\$99,817
13. Cigar Assn of America	\$1,000	\$0	\$0	\$54,000	\$25,000	\$16,150	\$1,000	\$95,150	\$96,150
14. General Cigar Holdings Inc	\$5,000	\$10,000	\$0	\$50,000	\$25,000	\$0	\$15,000	\$75,000	\$90,000
15. Dosal Tobacco	\$0	\$0	\$0	\$12,500	\$12,500	\$1,180	\$0	\$26,180	\$26,180
16. NTI Inc	\$12,500	\$12,500	\$0	\$0	\$0	\$0	\$25,000	\$0	\$25,000
17. S&M Brands Inc	\$0	\$0	\$10,000	\$0	\$0	\$9,004	\$10,000	\$9,004	\$19,004
18. Swedish Match North America Inc*	\$0	\$0	\$0	\$11,000	\$5,000	\$0	\$0	\$16,000	\$16,000
19. Roco Tobacco USA	\$7,500	\$7,500	\$0	\$0	\$0	\$0	\$15,000	\$0	\$15,000
20. Premier Marketing	\$0	\$0	\$0	\$0	\$10,000	\$0	\$0	\$10,000	\$10,000
Total	1,268,763	1,083,996	360,500	4,226,441	3,662,056	6,271,204	2,713,259	14,159,700	16,872,959

Soft money data is from Common Cause. The totals reflect contributions made by individuals associated with that organization as well as official company contributions. *Disbanded as a result of the 1998 Master Settlement Agreement.

* Pinkerton Tobacco is now a part of Swedish Match North America

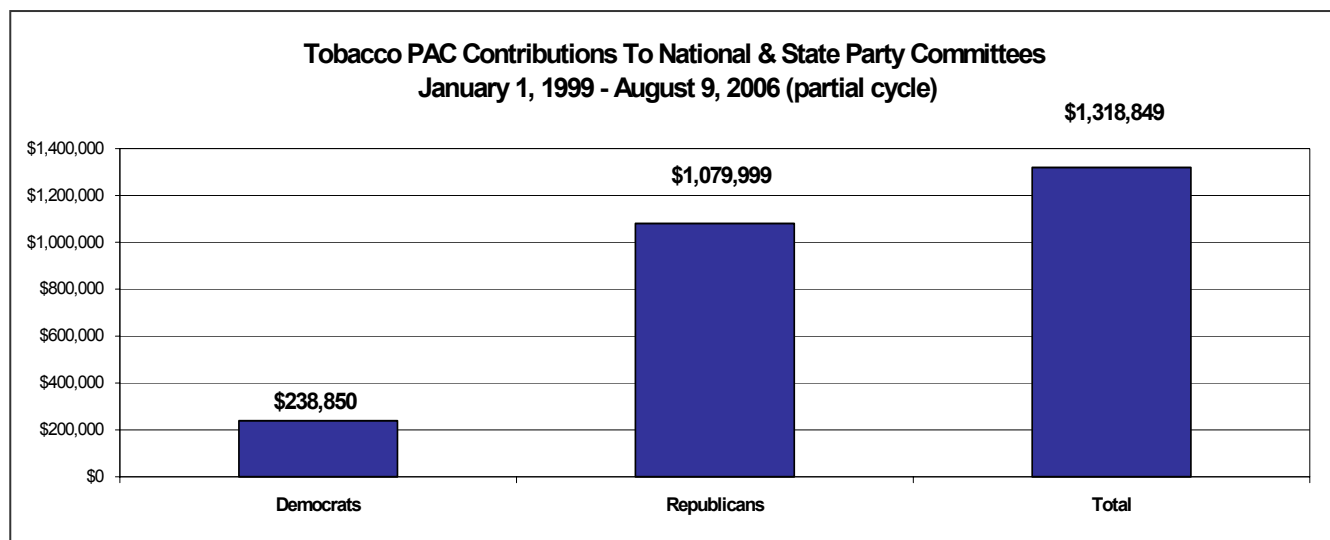
¹² Soft money donations to Senate joint fundraising committees (known as "Victory Committees") are included with the totals for the NRSC and DSCC. Contributions to another Republican fundraiser, the President's Dinner Committee, are divided evenly between the NRSC and NRCC.

Tobacco interests continue to donate a significant amount of hard dollars to the major national party committees through PAC contributions. So far in the 2005-2006 election cycle, tobacco PACs have donated \$341,000 to the major party committees (\$78,500 to Democratic party committees and \$262,500 to Republican party committees). In the 2003-2004 election cycle, tobacco PACs donated \$447,499 to the major party committees (\$94,000 to Democratic party committees and \$353,499 to Republican party committees). The tobacco company totals in the following table are from their political action committees only and do not include personal contributions made by tobacco company executives or employees directly to candidates.

In addition to their donations to the national party committees, tobacco PACs also contribute to state political parties and fundraising committees. Since 1999, tobacco PACs have donated \$242,850 to state parties and fundraising committees (\$199,000 to Republican committees and \$43,850 to Democratic committees).

TOBACCO PAC CONTRIBUTIONS TO NATIONAL PARTY COMMITTEES									
January 1, 1999 – August 9, 2006 (partial cycle)									
TOBACCO PAC	DNC	DCCC	DSCC	RNC	NRCC	NRSC	Total Dem	Total Repub	TOTAL
1. Altria/Philip Morris	\$45,000	\$70,000	\$67,500	\$60,000	\$90,000	\$105,000	\$182,500	\$255,000	\$437,500
2. Reynolds American	\$0	\$0	\$0	\$5,000	\$90,000	\$90,000	\$0	\$185,000	\$185,000
3. USST	\$0	\$4,500	\$3,000	\$17,500	\$69,999	\$70,000	\$7,500	\$157,499	\$164,999
4. Brown & Williamson	\$0	\$0	\$5,000	\$45,000	\$32,000	\$45,000	\$5,000	\$122,000	\$127,000
5. Lorillard	\$0	\$0	\$0	\$30,000	\$10,000	\$50,000	\$0	\$90,000	\$90,000
6. Universal Leaf	\$0	\$0	\$0	\$15,000	\$0	\$15,000	\$0	\$30,000	\$30,000
7. Asworth Corp.	\$0	\$0	\$0	\$0	\$7,500	\$11,000	\$0	\$18,500	\$18,500
8. Swisher	\$0	\$0	\$0	\$0	\$11,500	\$5,000	\$0	\$16,500	\$16,500
9. Swedish Match/ Pinkerton	\$0	\$0	\$0	\$0	\$3,500	\$0	\$0	\$3,500	\$3,500
10. Dimon	\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	\$2,000
11. Cigar-PAC	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$1,000	\$1,000
12. Smokeless Tobacco Council	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$45,000	\$74,500	\$75,500	\$172,500	\$317,499	\$391,000	\$195,000	\$880,999	\$1,075,999

*Totals include full data for the 1999-2004 cycles and partial data for the 2005-2006 election cycle (based on data released by the FEC on August 9, 2006). * Pinkerton Tobacco is now a part of Swedish Match North America. † As of 2005-06, Dimon Corporation is Alliance One.*



Tobacco Money to Leadership PACs

Members of Congress and other political leaders frequently establish PACs separate from their own re-election committees. While these PACs are designated as non-party committees by the FEC, members use these committees, commonly referred to as leadership PACs, to donate hard-money campaign contributions to other federal candidates.

For the purpose of this analysis, we define leadership PACs as those so identified by non-partisan organizations who track money in politics (such as Common Cause, the Center For Responsive Politics and Political Money Line) or other public information sources (such as articles in Roll Call, National Journal, and other publications). These PACs may be affiliated with an individual member of Congress or a group of members with a common agenda. Although a leadership PAC may be tied to a particular political party or chamber of Congress, these PACs can donate to any federal candidate or committee.

Detailed information on tobacco PAC contributions to leadership PACs are not readily available for the election cycles prior to 1999. Therefore, this section refers to contributions since 1999.

Since 1999, tobacco company PACs have donated nearly \$2.8 million to leadership PACs. The totals for the individual tobacco companies are from their political action committees only and do not include personal contributions made by tobacco company executives and employees. So far in the 2005-2006 election cycle, tobacco PACs have contributed \$682,128 to leadership PACs (\$95,000 to Democratic PACs and \$587,128 to Republican PACs). In the 2003-2004 election cycle, tobacco PACs contributed \$836,500 to leadership PACs (\$123,000 to Democratic PACs and \$713,500 to Republican PACs).

CONTRIBUTIONS TO LEADERSHIP PACS			
January 1, 1999 – August 9, 2006 (partial cycle)			
TOBACCO PAC	Democratic	Republican	Total
1. Altria/Philip Morris	\$122,500	\$607,500	\$730,000
2. U.S. Smokeless Tobacco Co.	\$146,000	\$555,000	\$701,000
3. RJ Reynolds	\$52,000	\$616,500	\$668,500
4. Brown & Williamson	\$1,000	\$292,500	\$293,500
5. Swisher	\$48,000	\$169,500	\$217,500
6. Lorillard	\$7,500	\$93,000	\$100,500
7. Cigar-PAC	\$500	\$33,300	\$33,800
8. Pinkerton Tobacco/ Swedish Match	\$2,000	\$18,310	\$20,310
9. Asworth Corporation	\$3,000	\$15,000	\$18,000
10. Universal Leaf Tobacco Company	\$1,000	\$6,000	\$7,000
11. Dimon	\$0	\$2,000	\$2,000
12. Conwood	\$0	\$1,000	\$1,000
13. Smokeless Tobacco Council	\$0	\$491	\$491
Total	\$383,500	\$2,410,101	\$2,793,601
<i>Totals include full data for the 1999-2000/ 2001-2002/2003-2004 cycles and partial data for the 2005-2006 election cycle (based on data released by the FEC on August 9, 2006).</i>			
<i>* Pinkerton Tobacco is now a part of Swedish Match North America. † As of 05-06, Dimon Corporation is Alliance One.</i>			

Tobacco companies have seized the opportunity presented by leadership PACs to solidify and extend their influence. For example, since 1999, tobacco interests have given \$202,500 to the leadership PAC of House Majority Leader John Boehner (R-OH) and \$154,500 to Former House Majority Leader Tom DeLay's (R-TX) leadership PAC. A detailed list of tobacco industry contributions to congressional leadership PACs is available in Appendix D of this report.

Tobacco Money to Other Non-Party Committees

Detailed information on contributions to other non-party committees are not readily available for the election cycles prior to 1999. Since 1999, tobacco company PACs have donated \$962,728 to non-party committees that are not identified as leadership PACs (see Appendix E for full listing). These non-party PACs can consist of industry committees or committees associated with a particular issue or ideology.

CONTRIBUTIONS TO OTHER NON-PARTY COMMITTEES	
January 1, 1999 – August 9, 2006 (partial cycle)	
Tobacco PAC	Total
1. Brown & Williamson	\$391,189
2. Altria/Philip Morris	\$309,500
3. RJ Reynolds	\$144,000
4. U.S. Smokeless Tobacco Co.	\$88,675
5. Standard Commercial	\$24,872
6. Swisher	\$2,500
7. Swedish Match/Pinkerton Tobacco	\$1,128
8. Asworth Corporation	\$850
9. Smokeless Tobacco Council	\$14
10. Cigar-PAC	\$0
11. Dimon	\$0
12. Lorillard	\$0
13. Universal Leaf Tobacco Company	\$0
Total	\$962,728
<i>Totals include full data for the 1999-2000/ 2001-2002/2003-2004 cycles and partial data for the 2005-2006 election cycle (based on data released by the FEC on August 9, 2006). † As of 05-06, Dimon Corporation is Alliance One.</i>	

The vast majority (81 percent) of tobacco PAC donations to other non-party committees are donations to affiliated organizations. There is no limit on the amount of money that can be transferred between affiliated PACs. The Brown & Williamson PAC transferred more than \$380,000 to the RJ Reynolds PAC during the time that the two companies were merging together to become Reynolds American (Brown and Williamson then dissolved its PAC). The RJ Reynolds PAC transferred \$139,500 to its affiliated PAC in Pennsylvania. U.S. Smokeless Tobacco Company has transferred a total of \$64,550 to the Ste. Michelle Wine Estates Ltd. PAC (formerly the Stimson Lane Ltd PAC), which it lists as an affiliated group. Since 1999, Philip Morris's PAC transferred \$147,500 to the PAC operated by Kraft Foods and \$4,000 to the PAC operated by Miller Brewing Company (when it was a division of Philip Morris).

PACs established by affiliates of tobacco companies (such as the Ste. Michelle Wine Estates Ltd. PAC) enable tobacco companies to provide contributions to candidates who do not want to be seen as accepting money directly from tobacco company PACs. The close relationships between these

affiliated company PACs and the tobacco company PACs -- and their use to re-direct tobacco company funds -- is revealed when the tobacco company PAC makes direct contributions to the affiliated PAC.

Tobacco Industry Contributions to 527 Groups

"527 groups" are named after Section 527 of the Internal Revenue Code that covers political organizations. Sometimes referred to as "stealth PACs," 527s are political committees formed for the purpose of influencing elections, but cannot directly contribute to federal candidates or use words that expressly advocate someone's election or defeat.

In its September 2003 report, "Silent Partners: How political nonprofits work the system," (<http://www.publicintegrity.org/527/>) the Center for Public Integrity examines how these 527 groups raise and spend money outside of federal and state campaign finance regulations. Their report focuses on donations to organizations possessing one or more of the following traits:

- The committee is not required to report financial activities to state or federal election authorities.
- The committee is tied to or formed by a federal lawmaker.
- The committee is active in many states and spends most of its money on election-related activities like broadcast advertisements, mailings and political research.

According to the Center for Public Integrity's database, tobacco companies contributed more than \$6 million to 527 groups since August 2000. This includes more than \$1.6 million to the Democratic Legislative Campaign Committee, a national fundraising organization for Democratic state legislators. Tobacco companies also donated nearly \$580,000 to the Democratic Governors Association (DGA) and more than \$990,000 to the Republican Governors Association (RGA). A detailed list of tobacco industry contributions to 527 groups is available in Appendix F of this report.

CONTRIBUTIONS TO 527 GROUPS BY TOBACCO INTERESTS	
August 2000 – August 9, 2006	
	Total
1. Altria/Philip Morris	\$2,387,634
2. U.S. Smokeless Tobacco Co.	\$1,556,112
3. RJ Reynolds	\$1,015,324
4. Brown & Williamson	\$447,030
5. Lorillard	\$409,085
6. Vector/Liggett Brands	\$149,000
7. Conwood Co.	\$74,792
8. Swisher	\$61,839
9. General Cigar Company	\$60,000
10. Smokeless Tobacco Council	\$52,000
11. Swedish Match	\$38,030
12. Cigar Association of America	\$13,500
13. Universal Leaf Tobacco Co.	\$5,250
Total	\$6,269,596
<i>Totals include contributions since August 2000 based on data downloaded from the Center For Public Integrity (http://www.publicintegrity.org/527/db.aspx?act=main) August 9, 2006.</i>	

The non-profit consumer group Public Citizen has also released a series of reports on 527 groups (<http://www.citizen.org/congress/campaign/legislation/section527/>), analyzing the contributions and expenditures of federal "politician 527s" and "non-politician 527s". According to Public Citizen,

“politician 527s” were connected to a federal officeholder and generally served as soft money arms to leadership PACs, while “non-politician 527s” promote issues or partisan orientations. The group notes that different types of 527 groups spend money in different ways. “Politician 527s” often spend their money to pay for staff and consultants, help local candidates and underwrite fundraising functions. “Non-politician 527 groups” use their funds to pay for “issue ads,” direct mail, campaign organizers and polling.

The Bipartisan Campaign Reform Act of 2002, which went into effect November 6, 2002, prohibits “politician 527s,” the type of 527 connected to a federal officeholder, from raising or spending soft money. However, Public Citizen notes that “the staff and political operatives of these politicians will be able to set up such groups and politicians will be able to attend fundraiser events as long as they are not directly soliciting the funds. Non-politician 527s may still raise and spend soft money, except in relation to an ‘electioneering communication’ broadcast by the group within 60 days of a general election or 30 days of a primary election.”

Tobacco Industry Lobbying

In addition to their campaign contributions, the tobacco companies spend millions of dollars to lobby and influence members of the U.S. Congress. According to the most recent figures compiled by Common Cause, the tobacco industry has spent more than \$152 million since 1999 on professional lobbying firms and in-house lobbyists.

TOBACCO INDUSTRY LOBBYING EXPENDITURES

January 1, 1999 – December 31, 2005

TOBACCO COMPANY	1999	2000	2001	2002	2003	2004	2005	Total
Altria/ Philip Morris	\$14,720,000	\$11,220,000	\$12,520,000	\$14,040,000	\$13,480,000	\$13,240,000	\$13,640,000	\$92,860,000
Lorillard	\$1,060,000	\$1,500,000	\$1,980,000	\$1,840,000	\$2,360,000	\$2,880,000	\$1,940,000	\$13,560,000
Brown & Williamson	\$2,330,000	\$2,460,000	\$1,560,000	\$1,600,000	\$1,880,000	\$1,060,000	\$0	\$10,890,000
RJ Reynolds	\$1,519,320	\$1,365,525	\$1,333,800	\$1,290,450	\$1,531,135	\$1,678,030	\$1,739,100	\$10,457,360
U.S. Smokeless Tobacco Co.	\$1,020,000	\$940,000	\$1,200,000	\$1,460,000	\$1,700,000	\$1,840,000	\$1,238,000	\$9,398,000
Vector Group	\$400,000	\$270,000	\$400,000	\$440,000	\$490,000	\$680,000	\$520,000	\$3,200,000
General Cigar Holdings	\$40,000	\$40,000	\$320,000	\$520,000	\$540,000	\$540,000	\$460,000	\$2,460,000
Conwood Co	\$160,000	\$240,000	\$240,000	\$340,000	\$520,000	\$640,000	\$300,000	\$2,440,000
Smokeless Tobacco Council	\$871,990	\$300,000	\$300,000	\$420,000	\$400,000	\$0	\$0	\$2,291,990
Cigar Association of America	\$485,000	\$300,000	\$100,000	\$110,000	\$190,000	\$220,000	\$310,000	\$1,715,000
Swisher	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$230,000	\$135,000	\$1,165,000
Swedish Match North America	--	--	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Commonwealth Brands	--	--	--	--	\$220,000	\$425,000	\$290,000	\$935,000
Dosal Tobacco	--	--	--	--	--	--	\$80,000	\$80,000
Totals	\$22,766,310	\$18,795,525	\$20,313,800	\$22,420,450	\$23,671,135	\$23,633,030	\$20,852,100	\$152,452,350

Lobbying data are from Common Cause. Based on federal lobby reports submitted through September 12, 2006.

These figures reflect lobbying expenditures reported to the Secretary of the Senate and the Clerk of the House. They do not include the expenses associated with advocacy and education activities not legally classified as lobbying. Additionally, the lobbying expenditures do not include expenses associated with creating and supporting grassroots lobbying efforts. To further support their direct lobbying efforts, the cigarette companies often work to get individual smokers or the owners or employees of tobacco-related businesses to contact their elected representatives in support of tobacco company positions.¹³ Internal industry documents revealed in the state tobacco lawsuits show that as early as 1986 Philip Morris alone had a database of nearly three million smokers which it would use to generate letters and phone calls to members of Congress, governors, or other elected officials.¹⁴

Recent Federal Tobacco Legislation

This annual report includes several analyses of the correlation between industry campaign contributions and the outcome of tobacco-related legislation. Congressional votes and bill sponsorships dating back to 1997 reveal a clear relationship between tobacco money and tobacco votes, with opponents of the public health position receiving anywhere from 2.5 to 177 times as much money from the tobacco industry as legislators who sided with the public health community.

This section details the correlation between industry campaign contributions and the most recent activity on tobacco legislation.

House Judiciary Committee Vote on RICO Bill

On July 19, 2006, the U.S. House Judiciary Committee approved legislation that would shield U.S. tobacco companies from legal accountability if they aid and abet cigarette smuggling. H.R. 5535 would exclude foreign governments from bringing lawsuits under the civil provisions of the Racketeer Influenced and Corrupt Organizations (RICO) Act. This legislation will protect tobacco companies, and perhaps other U.S. companies, from the legitimate efforts of other countries to protect their citizens from U.S. companies that aid and abet illegal smuggling and other criminal activities.

Between 2001 and 2006, the 17 members who voted for H.R. 5535 received, on average, more than nine times as much money from the tobacco industry as the 8 Members voting against it (average of \$12,601 vs. \$1,313 per member).

House and Senate Consideration of FDA Legislation

In 2004, the House and Senate had a series of votes culminating in a Senate vote on FDA regulation of tobacco products. This section details the correlation between industry campaign contributions and the consideration of FDA regulation in 2004.

House Vote on FSC Bill

On June 17, 2004, the U.S. House of Representatives approved its version of the Foreign Sales Corporation (FSC) corporate tax bill (H.R. 4520) by a margin of 251 to 178. The bill contained a broad range of provisions, including a \$10 billion tobacco buyout paid by taxpayers.

¹³ Mitchell, Alison, "The Influence Industry: A New Form of Lobbying Puts Public Face on Private Interest," *New York Times* (September 30, 1998).

¹⁴ Nelson, Jack, Philip Morris USA Interoffice Memorandum to Guy L. Smith (April 15, 1986), PM document 2025858760, www.pmdocs.com.

Sponsors of the bill, intended to revamp the corporate tax system in an effort to stop increasing trade sanctions by the European Union, included a variety of unrelated proposals in the final version of the legislation. It was widely reported that the tobacco buyout was added to the corporate tax bill, "in order to lure votes for the tax package."¹⁵

Public health groups contended that the House buyout plan did nothing to protect public health (the bill did not include FDA regulation of tobacco products), while making taxpayers pay for the buyout. The groups argued that tobacco companies benefit because they do not have to pay for the buyout, and they end up with cheaper tobacco.

Since House members were not given the opportunity to vote on the tobacco buyout as a stand-alone measure, we could only analyze the final vote on the entire package. The 251 members who voted for the FSC bill, including the taxpayer funded tobacco buyout, had taken, on average, more than five times as much tobacco PAC money since 1999 as the 178 members who opposed the FSC/tobacco buyout bill (average of \$14,733 vs. \$2,804 per member).

House Vote on Agriculture Appropriations Bill

On July 13, 2004, the House of Representatives essentially voted to block the \$10 billion taxpayer funded tobacco buyout approved as part of the FSC bill a month earlier.

In the only stand-alone vote Congress had taken to date on the issue of a tobacco buyout, the House voted for an amendment to the Agriculture Appropriations bill that prohibits the use of taxpayer money to administer a buyout. The House adopted the bipartisan amendment, offered by Representatives Jeff Flake (R-AZ) and Chris Van Hollen (D-MD), on a voice vote. Many supporters of the amendment made it clear that they would support a buyout only if the tobacco companies pay for it, and it was linked to effective FDA tobacco authority.

Since the measure was approved by a voice vote, there is no record of each member's support or opposition to allow for further analysis of tobacco industry campaign contributions.

Senate Amendment to FSC Bill

On July 15, 2004, The U.S. Senate approved historic legislation to grant the U.S. Food and Drug Administration (FDA) strong and effective authority to regulate tobacco products. The 78 to 15 vote represents the first time that either House of Congress has voted to grant the FDA authority over tobacco products. The vote was on an amendment offered by Senators Mike DeWine (R-OH) and Edward Kennedy (D-MA) to the FSC corporate tax bill. The amendment included both the DeWine-Kennedy FDA tobacco authority bill supported by the public health community and legislation introduced by Sen. Mitch McConnell (R-KY) to provide a tobacco grower buyout that is paid by tobacco companies, not taxpayers. In contrast, the House of Representatives version of the FSC bill did not include FDA tobacco regulation and provided for a tobacco buyout paid by taxpayers instead of the tobacco companies.

The Senate vote cleared the way for the Senate and the House to convene a conference committee to negotiate a final version of the FSC bill. Public health organizations urged the House-Senate conferees to adopt the Senate approach and reject any effort to weaken the FDA tobacco authority legislation passed by the Senate.

¹⁵ "Tobacco Buyout Backers Tempted to Accept Regulation," CQ Today July 13, 2004.

While the passage of FDA authority of tobacco products represents a clear victory for public health, it is difficult to conduct a straightforward analysis of the impact of campaign contributions on this particular piece of tobacco-related legislation.

- First, the amendment combined FDA regulation and the tobacco buyout, meaning that the Senators did not have an opportunity to vote on each individual component. The unique coalition paired long-time proponents of FDA regulation of tobacco products (who received few, if any, tobacco industry contributions) with tobacco-state Senators supportive of a tobacco buyout, but historically opposed to FDA regulation (who received significant campaign contributions from tobacco companies).

Of the 78 Senators voting for the FDA/buyout amendment, a number who have opposed FDA authority specifically stated that they were voting for the amendment because of the tobacco buyout provision. Among the 36 Senators voting for the amendment who had received any tobacco contributions during the period of 1997-2004, the average total contribution was \$26,227 per member.

In total, therefore, the 78 Senators voting for the amendment have taken, on average, \$12,105 in tobacco PAC contributions since 1997 (compared to an average of \$14,033 for the 15 Senators voting against the amendment).

- Additionally, the tobacco industry was for the first time divided on a major piece of tobacco legislation. Traditionally, the tobacco companies have opposed FDA regulation of tobacco products or endorsed weak, ineffective legislation opposed by every major public health organization.

But in the 2003-2004 congressional session, Altria/Philip Morris reversed its previous opposition to effective FDA legislation and endorsed the DeWine-Kennedy bill and a companion bill in the House of Representatives. Many other major tobacco companies remained staunchly opposed to FDA regulation of tobacco products. R.J. Reynolds, Brown & Williamson, Lorillard tobacco, Santa Fe and Lane Limited took out full page newspaper ads against the Senate proposal, instead endorsing the House version of the buyout with no regulation of tobacco products.

Among all of the tobacco companies, Philip Morris remained the largest single donor of PAC contributions to federal candidates (more than \$3 million from 1997-2004). However, the Philip Morris contributions were matched by the group of companies publicly opposing the legislation, who donated a combined \$3.4 million to federal candidates from 1997-2004.

House-Senate Conference Committee on FSC Bill

In House-Senate negotiations to reconcile different versions of the tax bill, House Ways and Means Committee Chairman Bill Thomas (R-CA) and Senate Finance Committee Chairman Charles Grassley (R-IA), failed to include the FDA provision in the draft that they circulated to the conference committee. The full conference committee rejected two attempts to amend the bill to include the FDA provisions passed in the Senate. In each case a majority of senators on the conference committee voted for the amendment, but a majority of House members did not.

On October 5, 2004, the conference committee rejected an amendment offered by Sen. Edward Kennedy (D-MA) to attach the Senate-passed version of FDA legislation and the tobacco buyout. The 16 Conferees who voted against the amendment received, on average, 5 times as much money from the tobacco industry as the 18 conferees voting for it (\$27,255 vs. \$5,505 per member). Additionally, the members who voted against the FDA provision received, on average, more than seven times the amount of tobacco industry campaign contributions from companies opposed to FDA regulation as the

members who supported the FDA provision (\$21,036 vs. \$2,833 per member). See Appendix C for detailed contributions by member.

The following day, the conference committee also rejected an amendment by Sen. Tom Harkin (D-IA) to attach the Senate-passed version of FDA legislation and the tobacco buyout. The 17 Conferees who voted against the amendment received, on average, nearly 5 times as much money from the tobacco industry as the 17 conferees voting for it (\$26,975 vs. \$5,652). The members who voted against the FDA provision received, on average, more than seven times the amount of tobacco industry campaign contributions from companies opposed to FDA regulation as the members who supported the FDA provision (\$20,534 vs. \$2,735 per member). See Appendix C for detailed contributions by member.

An article from *CQ Today* explained how Former Rep. Tom DeLay (R-TX) considered the defeat of FDA legislation one of his major accomplishments from the 2003-2004 Congress, and that he worked closely with his former staff person - a lobbyist for RJ Reynolds - to ensure its failure. The article goes on to say that DeLay "insisted that...House negotiators stand firm against the FDA tobacco regulation that Senators wanted."¹⁶

Senate Vote on FDA Regulation

Although the conference committee failed to include FDA regulation as part of the FSC bill, on October 10, 2004 the U.S. Senate affirmed support for granting the FDA authority over tobacco products by passing the DeWine-Kennedy bill for a second time, this time as a freestanding bill without the buyout, by a voice vote.

Additional Examples of Tobacco Money and Tobacco Votes

Several past congressional votes and bill sponsorships reveal a clear relationship between tobacco money and tobacco votes:

- Legislation was introduced in the 107th Congress (2001-2002) to grant the U.S. Food and Drug Administration (FDA) authority to regulate tobacco products, including weak bills supported by Philip Morris, the nation's largest tobacco company, and opposed by every major public health organization.

In the Senate, the main sponsor of the weak FDA bill (S. 190) was Senate Majority Leader Bill Frist (R-TN). While Senator Frist did not accept any tobacco PAC contributions for his re-election campaign, the National Republican Senatorial Committee, which Senator Frist chaired from 2000-2002, accepted more than \$2.2 million dollars (hard and soft money contributions) from the tobacco industry between 1999 and 2002. In the House, the main sponsor of the bill supported by Philip Morris (H.R. 2180) was Rep. Tom Davis (R-VA). Between 1999 and 2002, Rep. Davis accepted more than \$14,000 in tobacco PAC contributions for his re-election campaigns. More importantly, the National Republican Congressional Committee, which Rep. Davis chaired from 1998-2002, accepted more than \$2.5 million dollars (hard and soft money contributions) from the tobacco industry between 1999 and 2002.

At the close of the 107th Congress, there were 17 members of the House sponsoring H.R. 2180, the weak FDA regulation bill supported by Philip Morris and introduced by Rep. Davis (R-VA). Public health groups supported H.R. 1097, a bill introduced by Reps. Greg Ganske (R-IA), John Dingell (D-MI) and Henry Waxman (D-CA) that would grant the FDA meaningful, effective authority to regulate tobacco products. Altogether, the 17 representatives who sponsored the Davis bill received \$216,025 in tobacco campaign contributions between 1999 and 2002, including

¹⁶ Ota, Alan, "Hastert Calls on DeLay as 'Super Conferee,'" *CQ Today* (May 23, 2005).

\$142,000 from Philip Morris. Over this same time period, the same 17 received, on average, 20 times as much money from the tobacco industry as the 127 representatives who sponsored the bill supported by the public health community (average of \$12,707 vs. \$613 per sponsor).

The three senators who sponsored the Frist bill received an average of \$1,000 in tobacco industry contributions between 1997 and 2002. The 21 senators who sponsored the stronger Kennedy-Dewine bill received an average of \$436 in campaign contributions from the tobacco industry in that same time period.

- The 107th Congress (2001-2002) also worked on legislation to establish fire safety standards for cigarettes. These standards would prevent many cigarette-related fires and protect smokers and their families. H.R. 4607, introduced by Rep. Ed Markey (D-MA) and Rep. James Hansen (R-UT) and the companion bill in the Senate, S. 2317 introduced by Sen. Richard Durbin (D-IL) and Sen. Sam Brownback (R-KS), were supported by the public health community.

While Philip Morris paid lip service to supporting this legislation, they asked their allies to introduce weak legislation in the House, H.R. 4981 and H.R. 5059, that would have preempted New York from implementing a law that established strong standards for fire safe cigarettes. The New York State Office of Fire Prevention and Control issued the nation's first fire safety standard for cigarettes and the regulations have gone into effect. The final New York regulation implemented a 2000 state law requiring that all cigarettes sold in New York be manufactured to extinguish more quickly when left unattended. H.R. 4981 and H.R. 5059, introduced by Rep. Cliff Stearns (R-FL) and Rep. Edolphus Towns (D-NY), would have preempted the law in New York and prevented future actions by other states.

Altogether, the 14 sponsors of the Stearns-Towns legislation received \$232,524 in tobacco campaign contributions between 1999 and 2002. Therefore, the 14 sponsors received, on average, 177 times as much money from the tobacco industry as the 16 representatives who sponsored the Markey – Hansen bill supported by the public health community (average of \$16,609 vs. \$94 per sponsor).

- In June 2000, the U.S. House of Representatives voted twice on whether to fund the U.S. Department of Justice lawsuit against the tobacco companies. On the first vote (June 19), the 207 House members who voted to block funding for the lawsuit had taken, on average, five times as much tobacco PAC money in the previous two election cycles as the 197 who voted to continue funding (\$9,712 vs. \$1,750). On a subsequent vote (June 23), the 183 members who voted to cut off funding had taken, on average, nearly seven times as much tobacco PAC money in the previous two cycles as the 215 members who supported funding for the lawsuit (\$10,715 vs. \$1,539).
- The tobacco industry's biggest victory over public health policy was the June 1998 defeat in the U.S. Senate of comprehensive tobacco legislation sponsored by Senator John McCain (R-AZ). The bill was defeated by filibuster on June 17, 1998, three votes shy of the 60 votes necessary to end the filibuster. The 42 senators who voted to kill the McCain bill received, on average, nearly four times as much money from the tobacco industry in the two years before their last election as the 57 senators who supported the bill (\$17,902 vs. \$4,810, with one senator not voting).
- In 1997, the House and Senate voted on funding for enforcement of the FDA's initiative to prevent illegal tobacco sales to minors. In the Senate (September 3), the 28 senators who voted against funding for compliance checks received, on average, more than two and a half times the tobacco PAC contributions in the two years before their last election as the 70 senators who supported the funding (\$17,651 vs. \$6,840). In the House (July 24), the 248 members voting against the funding had taken, on average, nearly five times as much tobacco PAC money in the previous cycle as the 177 members who voted to fund the compliance checks (\$5,636 vs. \$1,142).

Additional Resources

- The Federal Election Commission (FEC) (<http://www.fec.gov>). The FEC is the official source of federal campaign finance data. Information on donations to and from candidate committees, official political action committees (PACs), individual donations, soft money contributions, and political party committees is available through the FEC web site and the Washington DC office.
- Common Cause (<http://www.commoncause.org>) is an independent non-profit advocacy organization focusing on campaign finance reform and other issues that enhance citizens' participation in democracy.
- The Center for Responsive Politics (<http://www.opensecrets.org>) is a non-partisan, non-profit research group that tracks money in politics and its impact on elections and public policy. The website allows for searches by industry (<http://www.opensecrets.org/industries/index.asp>), candidate, contributor and political party.
- National Institute on Money in State Politics (<http://www.followthemoney.org/>) maintains a database of state level campaign finance data. States are searchable by candidate, contributor and sector (including tobacco – (<http://www.followthemoney.org/database/IndustryTotals.phtml?i=143&s=0>). In May 2005, the Institute released a report on tobacco industry contributions to state candidates (<http://www.followthemoney.org/press/Reports/200505051.pdf>). In April 2006, the Institute released a report on spending on tobacco tax ballot initiatives (<http://www.followthemoney.org/press/Reports/200604243.pdf>).
- The American Lung Association of California's Center for Tobacco Policy launched a website-based contribution tracking system to help California citizens find out if their state representatives accept campaign contributions from the tobacco industry. By entering their zip code at www.californialung.org/thecenter, California residents will receive a report that includes how much money, if any, their local Assembly and state Senate representatives received from the major tobacco companies.
- In its September 2003 report, "Silent Partners: How political nonprofits work the system," (<http://www.publicintegrity.org/527/>) the Center for Public Integrity (<http://www.public-i.org>) examines how these 527 groups raise and spend money outside of federal and state campaign finance regulations. The website also contains a searchable database of contributions to 527 groups (<http://www.publicintegrity.org/527/db.aspx?act=main>).
- The Center for Public Integrity also tracks state-level lobbying. In an August 2005 report (<http://www.publicintegrity.org/hiredguns/chart.aspx?act=lobbyspending>), the Center gathered overall, aggregate spending totals available in each state.
- Public Citizen (<http://www.citizen.org>) has a variety of tobacco-related information available through its internal search engine. Available information includes lobbying statistics and background information on campaign finance reform.
- The University of California - San Francisco web site contains state reports on tobacco industry political activity, (<http://www.library.ucsf.edu/tobacco/state.html>) that provide an in-depth look at the tobacco industry's political activities and the influence on state level policies. A June 2004 report by the University's Center for Tobacco Control Research and Education examines the influence of the tobacco industry in Nebraska (<http://repositories.cdlib.org/ctcre/tcpmus/NE2004>).