

TOBACCO TAX COUNCIL

1000 NORTH THOMPSON STREET

RICHMOND 21, VIRGINIA

TELEPHONE ELGIN 5-8033

SPECIAL REPORT ON NEW MEXICO

Charles White, of the Council field staff, arrived in Santa Fe, New Mexico, on February 27 to assist in defeating H-333 which would increase the state cigaret tax rate from 5¢ to 7¢ per package. Another Bill, S-86, would levy a tax on cigars and tobacco at a rate of 15% of the wholesale price. As of February 27, 1961, H-333 had passed the House and was in the Senate Finance Committee. S-86 had passed the Senate and was in the House Revenue and Taxation Committee.

Prior to Mr. White's arrival, the Council had advised Mr. Jack Beaty, owner of the Rocky Mountain Wholesale Company of Albuquerque, on December 21, 1960 and on January 6, 1961, of the impending legislation and offered assistance. On February 23, a release telling the economics of New Mexico cigaret taxes was mailed to every tobacco distributor and newspaper in the state. A copy of our booklet "The Tax Burden on the Golden Leaf" was sent to each legislator.

Mr. White, upon arrival, got in touch with Mr. Jack Beaty. On the telephone, Mr. Beaty stated the following: That he (Beaty) only wanted money from the Council to help pay a lobbyist to see that his plan was carried through the legislature; that he would appreciate it if White would leave the state so as not to interfere with the plans.

The plan, according to Beaty, is to accept the 2¢ increase in the cigaret tax in lieu of a tax on cigars which he does not want. Beaty informed White that he had made a deal with the legislature to withdraw opposition to the cigaret tax increase if the legislature would kill the cigar tax. Beaty has employed Mr. Louis Lujan, a prominent Albuquerque lawyer, to handle the scheme in Santa Fe. The fact that H-333 passed the House by a vote of 48 to 0 attests to Mr. Lujan's work in behalf of Beaty.

Mr. Beaty is chairman of the legislative committee of the N.A.T.D. He was state campaign chairman for President Kennedy. He has a strong influence in New Mexico politics. He claims that the 2¢ increase in the cigaret tax will allow retailers and vendors to raise the price of cigarettes to 30 cents a package and that no one will be hurt. He made no mention of the fact that the tax increase will provide a discount increase of 48 cents per case of cigarettes.

The only solution to the problem in New Mexico is to appeal directly to the consumer as was done in Richmond, Virginia, to defeat the municipal tax. The only way this can be accomplished is to alert the consumer via radio, appealing to him to deluge the New Mexico legislators with protests against the increase in the cigaret tax. It will have to be done immediately.

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