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# California Legislature

## SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

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May 30, 2001

Office of the Secretary  
Federal Trade Commission, Rm 159  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Re: Promotional tobacco expenditure reports

Gentlemen:

We very much appreciate the opportunity to comment on the value of the Commission's aggregate sales and promotional expenditures for tobacco product reports. This information is of particular value to the State of California, several of its various departments and offices, and to our Legislature. I believe the Department of Health Services, Tobacco Control Section, and the Office of the Attorney General, Master Settlement Enforcement Section, may well respond under separate cover, but I welcome the opportunity to comment from the perspective of the principal tobacco policy analyst for the California Senate.

Question #1. Use of tobacco reports: California's health department uses this information to guide tobacco control activities and to determine relative program funding levels. California local governmental units, particular departments of public health, use the reports in a similar fashion and to track tobacco industry marketing activities. The California Department of Justice employs report information in assuring compliance with the terms of the Master Settlement Agreement. The Legislature uses these reports in the analysis of proposed legislation, particularly bills restricting tobacco point of sale information, internet sales, youth access/exposure issues, and tobacco control budget decisions.

Question #3. Continuation of collection and distribution of reports: We strongly support continuation of the tobacco sales/promotion reports. There is no alternative source of this information, and while California can track tobacco consumption through taxed sales, we cannot generate either comparative or comprehensive marketing information.

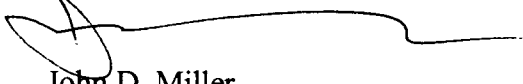
As the Commission may be aware, California invests substantially more than a \$100 million annually in tobacco control activities. This investment has saved the state more than a billion dollars in public costs over the past ten years, and enjoys broad popular support. Much of the tobacco control activity is "counter advertising" and de-normalization of smoking. In order to

foil or counter tobacco marketing, it is essential that the state know the scale and nature of tobacco promotion. If we can identify the tobacco marketing focus, we can more effectively direct counter advertising. In recent years, our information on tobacco industry marketing directed at 18-24 year olds, minority communities, school age children, and ethnic women has allowed us to quickly respond to industry initiatives and to blunt the advertising's effectiveness. Likewise the recent promotional shift from outdoor to point of sale and the targeting of bar based social advertising may be diminished because we anticipated the marketing. Equally valuable in our tobacco control effort would be knowledge of the aggregate expenditure by state. We have discovered over recent years that our state expenditures are more effective at a particular ratio relative to tobacco promotional expenditures. At one state dollar to ten tobacco promotion dollars, we can be successful. At a one to twenty ratio, we are not effective. The information in your reports is very useful in determining internal funding decisions among our various control programs.

Question #5. Information not currently included in reports that would be valuable: It would be very helpful if the Commission's reports included state specific marketing breakdowns, as we are quite certain the tobacco industry employs different marketing approaches in different states. It would also be valuable to our work if the Commission could provide a more detailed and specific description of the different types of expenditures made within the promotional allowance and retail value added categories.

Thank you very much for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'John D. Miller', written over a horizontal line.

John D. Miller  
Staff Director