

"LITTER"

(A Proposal for TI Policy)

SCOPE AND PURPOSE

One SOSAS Recommendation dealing with the Annoyance/Courtesy Issue calls for the Tobacco Institute to:

"Gain courtesy credibility by the creation and implementation of programs such as a no litter program as part of the courtesy campaign."

Before such planning takes place, however, we believe the industry should establish a policy regarding the concept of "litter." Without one, we run the risk of drifting into another controversy, which is already active on the Federal and State levels.

Our best course of action may be maintaining a low profile while working to exempt cigarettes from coverage of pending litter control legislation. This report presents an analysis and preliminary conclusions on this emerging issue.

BACKGROUND

Litter is a highly visible but relatively unimportant part of the solid waste problem. While litter comprises less than 1 percent of the over 144 million tons of material that consumers discard each year, it possesses a high annoyance factor. In many sections of the U.S., according to a Census Bureau survey, litter is considered a more serious neighborhood problem than crime. In addition, highway litter is a growing irritant that evokes public pressure for political action. Clean up, however, is expensive.

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Political efforts to deal with the problem have centered around "bottle bills," i.e. mandatory beverage container deposit legislation. The Environmental Protection Agency sees a substantial reduction in litter as one of the major projected benefits of a national deposit law. EPA estimates that beverage containers comprise up to 30 percent of all litter on an item-count basis and as high as 50 percent on a volume basis.

The beverage container industry has a better idea: a uniform ad valorem tax on consumer products found in the litter stream, with revenues used to finance litter control and collection programs. Such litter tax measures have been enacted in Washington, Virginia, Colorado, California and Kentucky.

Typical of these laws is the Washington state "Model Litter Control Act." It assesses a tax of \$150 per million of gross sales value on goods manufactured and sold in the state. (The Kentucky tax is \$300 per million.) The tax is levied on manufacturers, wholesalers and retailers of a wide variety of products including food, groceries, tobacco, soft drinks and beer, newspapers, beverage containers, and paper products. Fines for littering are included.

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FUTURE TRENDS: State and Federal

The litter problem apparently will not disappear; the annoyance level is too high and national rubbish production is booming. On the other hand, the cost of cleanup is growing even faster. An EPA study placed the theoretical cost of all litter collection in the United States as high as \$13 billion. So, pressure will step up to solve the problem either through a deposit approach or a litter tax approach. There are already 22 litter tax bills pending in 13 states; Federal bottle deposit legislation has been introduced, and a national litter tax is being studied by the Resources Conservation Council, a government body.

Increasing pressure for an expanded federal role is likely for several reasons:

- o Litter is perceived as a nationwide problem. Despite widespread public concern, most state and local governments are unwilling or unable to provide a comprehensive solution.
- o The federal government will be able to raise funds more effectively, since many litter items are produced and marketed in interstate commerce.
- o The federal government might be able to conduct a more equitable program, as well as provide uniformity on receptacle symbols, media coverage for deposit legislation or litter taxes.

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Militating against federal intervention is the argument that the problem is really a state and local responsibility. But this "states rights" theory is unlikely to be pushed by local elected officials who would prefer to shift this hot potato onto Uncle Sam. Whatever the legislative arena, the controversy will rage on.

CONCLUSIONS

The deposit approach does not involve tobacco. The litter tax approach does involve tobacco, however, and requires a policy. Since we would instinctively oppose legislation that levies a tax on tobacco products, let us consider the pros and cons of supporting litter tax legislation, which is implicit in the SOSAS recommendation.

Pro:

- o Good will to the industry and member companies in terms of corporate responsibility.
- o Show that smokers are courteous and considerate citizens.
- o Gain credibility for smoker courtesy.
- o Long term protection against expansion of "deposit approach" beyond beverage containers to other non-degradable packaging.

Con:

Involvement, even by implication, in support of state or federal litter tax activity would:

- o Undercut our arguments in opposing behavior control taxation, such as the Kennedy bill, excise tax

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increases to pay for the "social cost" of smoking, such as the Drinan bill, and state cigarette taxes.

- o Associate us with potentially unpopular legislation. The Washington state Model Litter Act, for example, calls for enforcement via fines. Can we support measures which would fine smokers for failing to discard an empty pack of cigarettes in an official receptacle.
- o Tie us in with increased taxes and higher government spending. Litter taxes falling on wholesalers and retailers could strain manufacturer-distributor relations. In addition, litter-collection bureaucracy, following Parkinson's Law, would soon expand to absorb present litter tax revenues and clamor for more.

RECOMMENDATION

- 1) The Institute should keep out of pending litter tax activity.
- 2) In order to avoid any misconception, the concept of courtesy should be limited to the smoking of -- rather than the disposal of -- tobacco products.

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- 3) Public affairs activity, state and federal, should be conducted in a low-profile manner and follow a policy of exemption.
- 4) In view of the possibility that some member companies may have a differing position on litter with respect to non-tobacco products, coordination with TI should be maintained to avoid the presentation of contrasting views to the same elected officials.
- 5) In states which have enacted litter tax laws, "no-litter" campaigns might be useful; but they should not be implemented before cost/benefit and political analysis has been completed.

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