

ILLINOIS POLITICAL REPORT

I. Predicted Key Issues in 1997 Legislature

- A. Triple AAA program will be a key issue and PM must finesse business leaders to accept this program.
- B. We will assist on the federal initiative to the extent requested but it will not be a key issue amongst state officials.
- C. We have spent a good deal of time with the Attorney General and do not expect that he will file a medicaid liability suit.
- D. We expect to see proposed legislation with respect to the divestment issue both statewide as well as the City of Chicago.
- E. We expect to see proposed legislation raising tobacco excise taxes.
- F. We expect to see proposed legislation banning smoking in a variety of venues.
- G. With respect to D, E, and F, above, we expect the antis to mount a major attack on many fronts. The success of those proposals will depend to some extent on the makeup of the General Assembly and the sponsors themselves.

II. Potential Political Scenarios

- A. There will be no new statewide office-holders as a result of the 1996 elections.
- B. We expect the percentage of legislator turnover including those who have retired and those seeking higher office to be less than 10%.
  - 1. We expect the number of new legislators to number between eight and ten.
  - 2. Of those probable new legislators, some are friends of the industry and with respect to others, it is too soon in the campaign to determine.
- C. We believe that a major Democratic sweep nationally could affect the leadership of the Senate, but absent that, it does not appear that the Republicans will lose control of the Illinois Senate. Right at the moment, it appears as if the House elections are literally up for grabs, as more money is poured into the various targeted races, we will have a better opportunity to predict outcome.

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### III. A Change in Political Dynamics

- A. We do not believe that term limits will be considered in 1997.
- B. There may be as noted above, a change in leadership from Republican to Democratic, but no individual member of any leadership team appears to be a legislative target at this time with the possible exception of Senate Republican Assistant Majority Leader Aldo DeAngelis.
- C. In 1996, our percentage of contributions was approximately 60% Republican and 40% Democratic.
- D. In 1996, no tobacco issues came out of committee. Consequently, of course, there were no recorded votes on those issues.

### IV. Steps to Enhance or Prohibit Changes Which Impact Company Objectives

We should continue to work with business groups such as IMA and IRMA as well as to work to maintain the Republican/business majority in the Legislature.

### V. Resources to Consider in Addition to Direct Contributions

- A. Organizing company employees to work on campaigns is not a good idea.
- B. Most political consultants already make independent contributions to most campaigns.
- C. N/A
- D. Sponsoring seminars for trade associations like the Tobacco and Candy Distributors and other business groups like IRMA or IMA or even the Taxpayers' Federation is very worthwhile.
- E. We do not believe we should get involved with get-out-the-vote initiatives.
- F. N/A

### VI. Succession Planning for Potential New Members of Congress

Democratic Representative Jay Hoffman from downstate Collinsville is running for Congress. This is a primarily Democratic district and Rep. Hoffman although a Democratic lawyer, has been a keen friend of the company throughout his state legislative career.

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Republican State Representative Al Salvi is the Republican nominee for the United States Senate seat soon to be vacated by retiring U.S. Senator Paul Simon. Rep. Salvi's Democratic opponent is Democratic Congressman Richard Durbin. Salvi is a very conservative anti-tax advocate who is running against one of the leading anti-tobacco advocates in the U.S. Congress.

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