

CMA STATE INITIATIVES CONTINGENCY FUND STATUS REPORT

OBJECTIVE The purpose of this tab is to update the Board of Directors on the history and results of the CMA State Initiatives Contingency Fund.

BACKGROUND Following the 1987 enactment of California's Proposition 65, where industry's response was rightfully judged "too little, too late", the CMA Board of Directors approved the creation of a voluntary state initiatives contingency fund to help the industry respond to unreasonable ballot initiatives. The objective was to create a mechanism through which the early money, so often critical to initiative campaigns, could be promptly and equitably raised.

Each member company is asked to pledge the availability of a specific sum of money which can be called upon to support industry strategy on a given initiative. Requested pledges are based on company sales and range from \$30,000 to \$1,000. Our goal is pledges totaling at least \$1,000,000. Pledges are activated upon the recommendation of the Board State Initiatives Committee to the Board of Directors or Officers. Currently, 109 members have made pledges to the Contingency Fund totaling \$1,302,500. This is about 70 percent of CMA members, but represents more than ninety percent of the CMA dues base.

CMA ACTIVITIES TO DATE

Contingency Fund pledges have been activated five times.

1. In 1989 the Contingency Fund was activated to finance industry opposition to a TUR initiative in Massachusetts. A ballot fight was avoided when a compromise was achieved. The precedent setting factor in reaching the compromise was industry's ability to fund its own ballot measure if necessary. Contingency Fund pledges totaled \$298,000.
2. In 1990 the Contingency Fund was activated in three phases to support the winning campaign against the Big Green/Hayden Initiative in California. Total Contingency Fund contributions were approximately \$800,000. The fund was activated in three phases to ensure a showing of significant financial support from other affected industries.
3. In 1992 the Contingency Fund was activated twice. First, to oppose a Right-to-Know initiative in Ohio. Contingency Fund contributions were approximately \$720,000. Second, to provide approximately \$500,000 to the successful campaign against the First Possession Tax initiative in Massachusetts. A successful pledge drive earlier in the year made it possible for us to successfully address simultaneous campaigns in two states.
4. In 1994, the Contingency Fund was activated in two phases to oppose a MassPIRG ballot measure prohibiting corporate contributions to ballot campaigns. Total contributions were nearly \$800,000, and the measure was soundly defeated.

Notwithstanding our success, activist groups will continue to use the ballot initiative to bypass the legislative process. More than half the states have the initiative and referendum as part of their state constitutions. Our record of success demonstrates both the need and the value of the CMA State Initiatives Contingency Fund. Currently, it appears that no calls on Contingency Fund pledges will be required in 1995. It is too early to predict 1996 activity.

ACTION REQUESTED Endorsement of the Contingency Fund pledge solicitations for 1995/96.

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