

103^D CONGRESS
2^D SESSION

H. R. 4698

To terminate price support and marketing quotas for tobacco, disallow the income tax deduction for certain advertising expenses for tobacco products, and to establish a trust fund to support anti-drugs and anti-tobacco use activities.

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1994

Ms. ENGLISH of Arizona introduced the following bill; which was referred jointly to the Committees on Agriculture, Ways and Means, Energy and Commerce, and Education and Labor

A BILL

To terminate price support and marketing quotas for tobacco, disallow the income tax deduction for certain advertising expenses for tobacco products, and to establish a trust fund to support anti-drugs and anti-tobacco use activities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TERMINATION OF TOBACCO PRICE SUPPORT**
4 **AND MARKETING QUOTAS.**

5 (a) TERMINATION OF TOBACCO PRICE SUPPORT.—
6 The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is
7 amended—

1 (1) in section 101 (7 U.S.C. 1441)—

2 (A) in subsection (a), by striking “tobacco
3 (except as otherwise provided herein), corn,”
4 and inserting “corn”;

5 (B) by striking subsection (c); and

6 (C) in subsection (d)(3), by striking “, ex-
7 cept tobacco,”;

8 (2) by striking section 106 (7 U.S.C. 1445);

9 (3) by striking section 106A (7 U.S.C. 1445–
10 1);

11 (4) by striking section 106B (7 U.S.C. 1445–
12 2); and

13 (5) in section 408 (7 U.S.C. 1428)—

14 (A) in subsection (c), by striking “to-
15 bacco,”; and

16 (B) in subsection (d), by adding before the
17 period at the end the following: “or tobacco”.

18 (b) TERMINATION OF TOBACCO MARKETING
19 QUOTAS.—Part I (sections 311 through 320B) of subtitle
20 B of title III of the Agricultural Adjustment Act of 1938
21 (7 U.S.C. 1311–1316) is repealed.

22 (c) CONFORMING AMENDMENTS.—(1) Section 3 of
23 Public Law 98–59 (7 U.S.C. 625) is repealed.

24 (2) The Agricultural Adjustment Act of 1938 is fur-
25 ther amended—

1 (A) in section 301(b) (7 U.S.C. 1301(b))—

2 (i) by striking paragraphs (3)(C), (10)(B),
3 (14)(B), (14)(C), (14)(D), (15), (16)(B), and
4 (17);

5 (ii) in paragraph (6)(A), by striking “to-
6 bacco,”

7 (iii) in the undesignated subparagraphs in
8 paragraph (7), by striking

9 “Tobacco (flue-cured), July 1–June 30;

10 “Tobacco (other than flue-cured), October
11 1–September 30;”

12 (iv) in paragraph (11)(B), by striking “and
13 tobacco”; and

14 (v) in paragraph (12), by striking “to-
15 bacco,”;

16 (B) in section 303 (7 U.S.C. 1303), by striking
17 “rice, or tobacco” and inserting “or rice”; and

18 (C) in section 372(b) (7 U.S.C. 1372(b)), by
19 striking “Except as provided in section 320B, the
20 amount” in the third sentence and inserting “The
21 amount”.

22 (3) Section 703 of Public Law 89–321 (7 U.S.C.
23 1316; 79 Stat. 1210) is amended by striking the second
24 sentence.

1 (4) The Act of July 12, 1952 (7 U.S.C. 1315; Chap-
2 ter 709; 66 Stat. 597), is repealed.

3 (d) EFFECTIVE DATE AND APPLICATION OF AMEND-
4 MENTS.—The amendments made by this section shall take
5 effect on January 1, 1995. Beginning on that date, the
6 Secretary of Agriculture shall terminate all loan agree-
7 ments entered into with tobacco producer associations
8 under section 106A of the Agricultural Adjustment Act
9 of 1938 and provide for the disposal of all funds in the
10 No Net Cost Tobacco Fund of those associations and the
11 No Net Cost Tobacco Account of the Commodity Credit
12 Corporation.

13 (e) CONTINUED LIABILITY OF PRODUCERS.—An
14 amendment made by this section shall not affect the liabil-
15 ity of any person under any provision of law as in effect
16 before the effective date of this section.

17 **SEC. 2. DISALLOWANCE OF DEDUCTION FOR CERTAIN AD-**
18 **VERTISING EXPENSES FOR TOBACCO PROD-**
19 **UCTS.**

20 (a) DEDUCTION DISALLOWED.—Part IX of sub-
21 chapter B of chapter 1 of the Internal Revenue Code of
22 1986 (relating to items not deductible) is amended by add-
23 ing at the end the following new section:

1 **“SEC. 280I. DISALLOWANCE OF DEDUCTION FOR CERTAIN**
2 **ADVERTISING EXPENSES FOR TOBACCO**
3 **PRODUCTS.**

4 “(a) IN GENERAL.—No deduction otherwise allow-
5 able under this chapter shall be allowed for any amount
6 paid or incurred as a consumer sales promotion for any
7 tobacco product.

8 “(b) CONSUMER SALES PROMOTION.—For purposes
9 of this section, the term ‘consumer sales promotion’ means
10 any of the following:

11 “(1) All radio and television commercials, news-
12 paper and magazine advertisements, billboards, post-
13 ers, signs, decals, matchbook advertising, advertising
14 in movie theaters, and point-of-purchase display ma-
15 terial (except price information) used for—

16 “(A) promoting the sale of tobacco and to-
17 bacco products, or

18 “(B) informing or influencing the general
19 public (or any segment thereof) with respect to
20 tobacco and tobacco products.

21 “(2) Any of the following incurred or provided
22 primarily for purposes described in paragraph (1):

23 “(A) Travel expenses (including meals and
24 lodging).

25 “(B) Any amount attributable to goods or
26 services of a type generally considered to con-

1 stitute entertainment, amusement, or recreation
2 or to the use of a facility in connection with the
3 providing of such goods or services.

4 “(C) Gifts.

5 “(D) Other promotion expenses.

6 “(3) Advertising promotion allowances.

7 “(4) Premiums and samples.

8 “(5) Sponsorships of athletic, artistic, or other
9 events under the registered brand name of a tobacco
10 product unless the brand name is the name of a cor-
11 poration in existence on July 1, 1994.

12 “(6) Marketing of nontobacco products or serv-
13 ices bearing the registered brand name or logo of a
14 tobacco product unless the brand name is the name
15 of a corporation in existence on July 1, 1994.

16 “(7) Displaying the registered brand name or
17 logo of a tobacco product on cars, boats, animals, or
18 other sporting equipment or on nontobacco products
19 or services which are sold unless the brand name is
20 the name of a corporation in existence on July 1,
21 1994.

22 “(8) Payment to have a registered brand name
23 of a tobacco product appear in a movie or play un-
24 less the brand name is the name of a corporation in
25 existence on July 1, 1994.

1 ited to such Trust Fund as provided in this section or sec-
2 tion 9602(b).

3 “(b) TRANSFERS TO TRUST FUND.—There is hereby
4 appropriated to the Anti-Tobacco Use Trust Fund
5 amounts equivalent to 50 percent of the increase in reve-
6 nues to the Treasury attributable to section 280I (relating
7 to disallowance of deduction for certain advertising ex-
8 penses for tobacco products).

9 “(c) ANTI-DRUGS IN SCHOOLS ACCOUNT.—

10 “(1) IN GENERAL.—There is established in the
11 Anti-Tobacco Use Trust Fund a separate account to
12 be known as the ‘Anti-Drugs in Schools Account’
13 consisting of such amounts as may be transferred or
14 credited to such account as provided in this section
15 or section 9602(b).

16 “(2) TRANSFERS TO ACCOUNT.—The Secretary
17 of the Treasury shall transfer to the Anti-Drugs in
18 Schools Account amounts equivalent to 50 percent of
19 the amounts appropriated to the Anti-Tobacco Use
20 Trust Fund under subsection (b).

21 “(3) EXPENDITURES FROM ACCOUNT.—
22 Amounts in the Anti-Drugs in Schools Account shall
23 be available, as provided in appropriation Acts, for
24 making expenditures for purposes of carrying out

1 the programs developed under title V of the Elemen-
2 tary and Secondary Education Act of 1965.

3 “(d) ANTI-TOBACCO USE ADVERTISING ACCOUNT.—

4 “(1) IN GENERAL.—There is established in the
5 Anti-Tobacco Use Trust Fund a separate account to
6 be known as the ‘Anti-Tobacco Use Advertising Ac-
7 count’, consisting of such amounts as may be trans-
8 ferred or credited to such account as provided in this
9 section or section 9602(b).

10 “(2) TRANSFERS TO ACCOUNT.—The Secretary
11 of the Treasury shall transfer to the Anti-Tobacco
12 Use Advertising Account amounts equivalent to 50
13 percent of the amounts appropriated to the Anti-To-
14 bacco Use Trust Fund under subsection (b).

15 “(3) EXPENDITURES FROM ACCOUNT.—
16 Amounts in the Anti-Tobacco Use Advertising Ac-
17 count shall be available, as provided in appropriation
18 Acts, for purposes of the program carried out under
19 section 1709 of the Public Health Service Act.”

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for such subchapter A is amended by adding at the end
22 thereof the following new item:

“Sec. 9512. Anti-Tobacco Use Trust Fund.”

1 **SEC. 4. ESTABLISHMENT OF ANTI-TOBACCO ADVERTISING**
2 **CAMPAIGN.**

3 Title XVII of the Public Health Service Act (42
4 U.S.C. 300u et seq.) is amended by adding at the end
5 the following section:

6 “ANTI-TOBACCO USE ADVERTISING CAMPAIGN

7 “SEC. 1709. With amounts available under section
8 9512(d) of the Internal Revenue Code of 1986 (relating
9 to the Anti-Tobacco Use Trust Fund), the Secretary shall
10 carry out a program of advertising to educate the public
11 on the risks to health that result from the use of tobacco
12 products.”.

○