Citing Lost Cigarette Revenue, G.O.P. Fights Child Insurance

By ADAM CLYMER

WASHINGTON, May 20 — Republican senators today attacked a children's health insurance bill, saying the higher Federal tax it would put on tobacco would cost the states more than $1 billion in revenues annually by cutting cigarette sales.

The measure, proposed by Senators Orrin G. Hatch, Republican of Utah, and Edward M. Kennedy, Democrat of Massachusetts, calls for raising the current 24-cents-a-pack Federal tax to 67 cents to pay for subsidized insurance for children of the working poor. The sponsors of the bill intend to offer it on Wednesday as an amendment to the budget resolution.

The Republican Policy Committee, an arm of the leadership, today called the sponsoring Senators' intention "admirable" but misguided, "because states depend to a great degree on excise tax revenue." The committee estimated that decreased smoking resulting from the tax increase would cost states and localities $6.5 billion over five years.

"Even if one believes that decreased demand for tobacco is positive from a societal view, it still has negative fiscal aspects for the states," the committee said.

Mr. Kennedy scoffed at the report. "If we can keep people healthy and stop them from dying," he said, "I think most Americans would say 'Amen, isn't that a great result?' "

He added, "If fewer people smoke, states will save far more in lower health costs than they will lose in revenues from the cigarette tax."

Mr. Hatch called the report "absolutely preposterous."

He asked: "Does that mean that 419,000 Americans must die every year in order to preserve the state tobacco revenues? That's like saying we should withhold life-saving treatment from senior citizens in order to save Medicare money. If raising taxes on cigarettes results in less consumption, then it's worth it."

Senator Trent Lott of Mississippi, the majority leader, joined the policy committee in attacking the bill. Mr. Lott said that there was already a budget agreement that had money for children's health care in it and that he hoped "the Senate will not be duped" into backing the bill.

The cigarette industry gave Republicans more than $8 million for the last election, about four times what it gave Democrats, according to the Center for Responsive Politics. But Senator Don Nickles, the deputy Republican leader, said that had nothing to do with the party leadership position.

"Oh, no, no, no," Mr. Nickles said. "It's a concern about having an open-ended entitlement program."

The legislation does not provide a formal entitlement, with as many individuals as qualify guaranteed benefits like those of Medicare, Medicaid or Social Security. Instead, it offers a specific sum of money in the form of block grants that states can apply for or not.

But Republicans still call the bill an entitlement, saying states would feel politically compelled to take the grants and provide the insurance. The policy committee report said the legislation would "create a situation where states will be persuaded to assume new Federal mandates."

Mr. Hatch and Mr. Kennedy do not expect to win Wednesday's Senate vote. But Mr. Hatch said they planned to keep bringing the measure up during the year, expecting support to build.

Today they announced the support of five former Republican secretaries of Health, Education and Welfare or Health and Human Services, and a newspaper advertisement paid for by a coalition of 150 health and children's advocacy groups that asks, "Senators, Who Do You Stand With: 'Joe Camel or Joey?' " It is accompanied by pictures of the Camel cigarette advertisement character and of a winsome tyke in a cowboy hat.

The New York Times
WEDNESDAY, MAY 21, 1997

T.W.A. Crash Prompts a Recommendation for Safer Fuel Tanks

By MATTHEW L. WALD

WASHINGTON, May 20 — Updating its list of "most wanted safety improvements," the National Transportation Safety Board today added a recommendation that grew out of the T.W.A. Flight 800 crash, a change meant to insure that the atmosphere in half-empty fuel tanks will not sustain a fire or explosion.

The safety agency also made it a priority to have smoke detectors and fire extinguishers installed in the cargo holds of passenger planes. That recommendation was first made after the Valujet crash in the Florida Everglades last May.

The agency also said it was studying the feasibility of "black boxes" for automobiles somewhat like the ones used on planes to record data about crashes.

Five safety recommendations were added by the safety board, an independent agency that makes recommendations to the Federal Aviation Administration and state and local transportation officials, among others. James E. Hall, the board chairman, noted that some recommendations had been on the list since it was first put together in 1990.

"All the items on this list came about as a result of unfortunate, tragic events," Mr. Hall said.

One of the new recommendations was for automatic recording devices, like airplanes' flight data recorders, on ships, trucks and rapid transit trains. Hundreds of thousands of trucks already have such recorders, which are used to determine if the driver has been speeding, but they are not required by law.

Vernon Ellingstad, the director of the office of research and engineering, said the board was looking into crash recorders in automobiles, which could record, among other factors, crash pulses through the vehicle. These would be helpful in evaluating the performance of air bags and other safety features, he said.

The board re-issued its call for changes in airplane fuel tanks to insure that partly empty tanks cannot sustain a fire or an explosion. As for the installation of smoke detectors and fire extinguishers in cargo holds, the airlines have agreed but have said it will take years.

The board also called for research and development in ice detectors and de-icing systems for airplanes, and improvements in pipeline safety.

Board members voiced frustration over the fate of some recommendations already on the list. For example, the board wants better flight data recorders on Boeing 737's, after two crashes that investigators have spent years looking into because the recorders on those planes were rudimentary. The F.A.A. has instead proposed, but not issued, a rule for upgrading the recorders on all old planes, which the safety board believes slowed the process.

"If the proposed final rule were issued now, the first retrofits wouldn't have to begin until 1999," Mr. Hall said. "They wouldn't have to be finished until May 2001. If you add it up, that's more than six years since we issued our recommendations."

The board has also called for airlines to share pilot records, and noted that Congress had acted on the subject last year. The board said the new law did not solve the problem.

The recommendation has been issued four times in nine years, most recently after a December 1994 crash of an American Eagle plane, caused by the error of a pilot who had recently been hired there, after quitting another airline just before it would have dismissed him for poor performance. The new law allows records to be shared, but it does not require disclosure of work history like that of the American Eagle pilot.

Administration Plan Seeks Control of Changes at I.R.S.

By ROBERT D. HERSHEY Jr.

WASHINGTON, May 20 — In an apparent effort to head off a more drastic measure, the Clinton Administration today proposed creating a special management board to oversee efforts to overhaul an Internal Revenue Service whose multibillion-dollar modernization plan has stumbled into disaster.

Although the board would report to Congress twice a year, it would be composed of top Treasury officials and other Government employees who would provide what the Administration contends is necessary accountability and protection of taxpayer privacy.

By contrast, a commission on the I.R.S. headed by members of Congress is expected to recommend establishing an independent board.

The Administration's proposed management board, to be established by a Presidential order, would make strategic, personnel and procurement decisions. Moreover, the Administration said it would establish a task force of I.R.S. employees to review taxpayers' frustrations and suggest remedies within 90 days.

Another element in today's package was a proposal to limit to five years the term of the I.R.S. commissioner, the only political appointee among the agency's more than 100,000 employees. There is no fixed term now, but commissioners rarely survive a change in administrations and often serve less than four years.

Officials said a fixed term would enhance the continuity of leadership, though commissioners could still be dismissed by the President. This proposal would require legislation.

The Administration is seeking a replacement for Commissioner Margaret Milner Richardson, a tax lawyer, who resigned early in the year and leaves office on Friday. Robert E. Rubin, the Treasury Secretary, has been emphasizing management skill over Tax Code expertise in the recruitment.

Senior officials said today that they were close to making a recommendation to the White House and denied suggestions that their efforts had been hampered because the post pays $123,100.

The management board is to consist of the Treasury Secretary, his deputy, other Treasury personnel and representatives of the I.R.S., the Office of Management and Budget, the Office of Personnel Management, the National Performance Review and other departments.

The New York Times

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