

## The Tobacco Tax Act of 2006

### **Proposed Tax Increase of \$2.60 Would Fund Tobacco Prevention, Cessation and Research Programs** (February 22, 2006)

#### **Background**

On December 13, 2005, statewide health and children’s advocacy groups submitted a tobacco tax initiative for consideration at the November 2006 election. The initiative, “The Tobacco Tax Act of 2006,” would raise the tax rate per pack of cigarettes from \$0.87 cents to \$3.47, an additional \$2.60 per pack. The proposed initiative would fund six major components: (1) tobacco use prevention, cessation and enforcement; (2) disease prevention and treatment; (3) cancer and other disease research; (4) nursing education and training; and (5) hospital emergency services; and, 6) children’s health insurance.

#### **Funding for Tobacco Control Programs**

The proposed tax is expected to generate first year revenues of \$2.1 billion. Of those revenues, \$227.8 million would be allocated for tobacco control and prevention programs. (Note: These are first year expected revenues only. Projected revenues for subsequent years are expected to decline as the higher tax rate helps to reduce overall cigarette consumption.) All numbers below are rounded.

<b>Program (Administrative Agency)</b>	<b>Projected Revenues (1<sup>st</sup> fiscal year)</b>	<b>Existing/New Program</b>
Tobacco Related Disease Research (UC)	\$32.8 million	Existing program
Tobacco Control Media Campaign (DHS)	\$55 million	Existing program
Tobacco Control Competitive Grants (DHS)	\$36.7 million	Existing program
Local Health Departments Tobacco Control (DHS)	\$34.7 million	Existing program with new allocation formula. New tobacco tax funds will be allocated to local health departments on a per capita basis.
Tobacco Control Evaluation (DHS)	\$4 million	Existing program
Tobacco Enforcement (DHS/Board of Equalization/Attorney General)	\$18.3 million	New program designed to support enforcement of tobacco control laws, reduce illegal sales to minors and reduce cigarette smuggling.
Tobacco School Education Program (CDE)	\$28.5 million	Existing program
Tobacco Cessation Services (DHS)	\$17.8 million	Existing program, and new technical and training assistance, and expanded services to reach new communities.

### **Backfill of other Tobacco Tax Programs**

The proposed tobacco tax would also “backfill” the Proposition 10 Children and Families Commission Fund, making up for reduced revenues caused by the decline in tobacco consumption after passage of the new \$2.60 tax. This provision guarantees that no funding is lost to the Prop 10 programs by virtue of the new tax. Other tobacco tax funds, such as Proposition 99, the Breast Cancer Fund and the General Fund are not protected in this manner. The 2006 tobacco tax will appropriate funds directly to programs currently supported by four of the six Prop 99 accounts, as well as to the Breast Cancer Fund.

### **Sponsors of the Initiative**

The Coalition for a Healthy California organized to submit and promote the new tobacco tax. The Coalition includes the following organizations: American Cancer Society, American Lung Association of California, American Heart Association, The Children’s Partnership, California Hospital Association, California Chapter, American College of Emergency Physicians, California Emergency Nurses Association, California Primary Care Association, Tobacco Free Kids Action Fund, Children Now, PICO California Project, Association of California Nurse Leaders, Emergency and Acute Care Medical Corporation, and the California Association of Physician Groups.

### **The Initiative Process**

The tobacco tax petition was submitted to the Attorney General’s Office in December 2005. On February 10, the AG’s office issued the official title and summary for the initiative. The summary date is used by the Secretary of State to prepare a calendar of filing deadlines for an initiative. Proponents are allowed a maximum of 150 days to circulate an initiative and gather signatures. However, an initiative must also qualify at least 131 days prior to the statewide election where it will be submitted to the voters. The tobacco tax initiative must qualify for the November ballot by early June. Signatures are expected to be submitted to the Secretary of State’s office for certification in early May.

### **Required Number of Signatures**

Only California registered voters are entitled to sign an initiative petition. In order to qualify an initiative constitutional amendment, the number of signatures must be at least 8 percent of the votes cast in the last gubernatorial election. For the November 2006 election, 598,105 signatures will be required to qualify a constitutional amendment.

For more information about the Tobacco Tax Act of 2006, its impact on tobacco control in California and the initiative process, please contact Meredith Nixon, at (916) 442-4299 or [mnixon@alac.org](mailto:mnixon@alac.org).

The Center for Tobacco Policy & Organizing promotes community organizing strategies to empower local coalitions to achieve tobacco policy change, and serves as a state tobacco control policy analysis and information resource. For more information about the Center, please visit <http://www.californialung.org/thecenter>