

## Tobacco Tax Update

February 8, 2008

Since late December 2007, two state ballot initiatives have been filed that would increase California's tobacco tax. Below is an update on these two tobacco tax initiatives.

### Health Care Reform

On Monday, January 28, the Senate Health Committee voted (7-1) against health care reform legislation, ABX1-1 sponsored by Governor Schwarzenegger and Assembly Speaker Fabian Núñez, that would have expanded health coverage and been partially financed by a \$1.75/pack tobacco tax. The tobacco tax was included in an initiative filed in late December that would have financed ABX1-1. Because of the defeat of ABX1-1, the initiative will not move forward. This initiative did not include a specific appropriation from the new tobacco tax revenues for tobacco control, although it would have "backfilled" Proposition 99 programs for any revenue losses due to the new tax.

### Children's Health Care Coverage

On Wednesday, February 6, an initiative was filed, titled The Children's Health Insurance and Youth Smoking Prevention Act of 2008, to place a \$.75/pack tobacco tax increase on the November ballot.

#### *Who filed the initiative?*

It was filed by several children's advocacy organizations including Children Now, The Children's Partnership and PICO California, in consultation with the American Lung Association of California, the American Cancer Society, and the American Heart Association.

#### *How much money would this tobacco tax increase generate?*

The \$.75/pack tax would generate approximately \$750 million in the first year, and less in subsequent years. Some of this revenue, approximately \$80 million, would be used to backfill the Proposition 10 account, three Proposition 99 accounts, and the Breast Cancer Fund for revenues lost due to a decrease in consumption caused by this increased tax.

#### *How will the funds be distributed?*

Seventy-five percent will be used to provide health insurance for the nearly 800,000 uninsured children in California. This will be done through an expansion of the existing Medi Cal and Healthy Families programs. The other 25 percent, approximately \$160 million annually, would be dedicated to the state's existing tobacco control programs that are administered by the State Department of Public Health, Department of Education, and University of California's Tobacco Related Disease Research Program.

The initiative has been filed with the Attorney General, which begins the process for qualifying an initiative for the ballot. Because of the tight deadlines and the enormous funds required, it will be a challenge to get this measure on the ballot.

**Center for Tobacco Policy & Organizing, February 8, 2008**

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