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APPROVED
BY THE CITY COUNCIL

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OFFICE OF THE
CITY CLERK

DEPARTMENT OF
POLICE

CITY OF SACRAMENTO
CALIFORNIA

HALL OF JUSTICE
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February 17, 1988

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JOHN P. KEARNS
CHIEF OF POLICE

City Council
Sacramento, California

SUBJECT: The Tobacco Tax and Health Protection Act of 1988

SUMMARY

The Tobacco Tax and Health Protection Act is an initiative to raise the tax on cigarettes and other tobacco products. The funds would go to research on cancer, lung, heart and other tobacco related diseases; treating people suffering from these and other diseases; education to stop young people from taking up tobacco use; and protecting the environment.

BACKGROUND

Tobacco use in California costs our economy more than \$6 billion a year in health and related costs: \$2.17 for each package of cigarettes smoked. More than 30,000 people die each year of tobacco related diseases in our state. The new tax will help reduce smoking in young people and treat tobacco related diseases.

Our tobacco tax has not been raised in more than twenty years. Only five states have a lower tax. Those who will pay the tax are really only being asked to pay a user fee, and they will directly benefit from the way the tax will be used. The tax would be raised by \$.25 per pack.

Tobacco use is one of the most serious drug related problems facing young people today. It is estimated that due to the new tax alone, many thousands of children and teenagers will never start to smoke, thus preventing much disease, and saving many of their lives. More than 90% of all smokers start before the age of 20.

The Tobacco Tax and Health Protection Act is sponsored by the American Cancer Society, the American Lung Association, the American Heart Association, the California Medical Association, the California Hospital Association, Assembly Member Lloyd Connelly, Campaign California and numerous other health and civic groups.

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The initiative is necessary because the Legislature failed to pass a similar measure in 1987. It is a Constitutional Amendment because otherwise the funds collected could not be spent on health purposes.

RECOMMENDATION

The City of Sacramento endorse the Tobacco Tax and Health Protection Act of 1988. The Council Law and Legislation Committee recommended forwarding to full Council for approval on February 4, 1988.

Sincerely,


JOHN P. KEARNS
CHIEF OF POLICE

JPK:lf

Ref: 2-34

Attachment: Tobacco Tax and Health Protection Act of 1988

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INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

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TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

We, the undersigned, registered, qualified voters of California, resident of ____ County (or City and County), hereby propose amendments to the Constitution and statutes of California, relating to the imposition and distribution of excise taxes on cigarette and tobacco products, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election prior to that general election or otherwise as provided by law. The proposed

tobacco-related cancer, heart, and lung diseases.

(3) Treat people suffering from tobacco-related diseases.

(4) In recognition of the uncompensated costs of tobacco-related illness, support treatment of patients who cannot afford to pay for services.

SEC. 3. Section 12 is added to Article XIII B of the Constitution, to read:

SEC. 12. "Appropriations subject to limitation" of each entity of government shall not include appropriations of revenue from the Cigarette and Tobacco Products Surtax Fund created by the Tobacco Tax and Health Protection Act of 1988. No adjustment in the appropriations limit of any entity of government shall be required pursuant to Section 3 as a result of revenue being deposited in or appropriated from the Cigarette and Tobacco Products Surtax Fund created by the Tobacco Tax and Health Protection Act of 1988.

SEC. 4. Article 2 (commencing with Section 30121) is added to Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code, to read:

Article 2. Cigarette and Tobacco Products Surtax

conservation; protection, restoration, enhancement, and maintenance of fish, waterfowl, and wildlife habitat areas; and enhancement of state and local park and recreation purposes.

(b) The fund consists of six separate accounts, as follows:

(1) The Health Education Account, which shall only be available for appropriation for programs for the prevention and reduction of tobacco use, primarily among children, through school and community health education programs.

(2) The Hospital Services Account, which shall only be available for appropriation for payment to public and private hospitals licensed pursuant to subdivision (a) of Section 1250 of the Health and Safety Code for the treatment of hospital patients who cannot afford to pay for that treatment and for whom payment for hospital services will not be made through private coverage or by any program funded in whole or in part by the federal government.

(3) The Physician Services Account, which shall only be available for appropriation for payment to physicians for services to patients who cannot afford to pay for those services, and for whom payment for physician

at a tax rate, as determined annually by the State Board of Equalization, which is equivalent to the combined rate of tax imposed on cigarettes by subdivision (a) and the other provisions of this part.

30124. (a) With the exception of payments of refunds made pursuant to Article 1 (commencing with Section 30361) of Chapter 6, and reimbursement of the State Board of Equalization for expenses incurred in the administration and collection of the tax imposed by Section 30123, pursuant to its powers vested by this part, all moneys raised pursuant to the taxes imposed by Section 30123 shall be deposited into the fund as provided in subdivision (b).

(b) Moneys shall be deposited in the fund according to the following formula:

(1) Twenty percent of every dollar shall be deposited in the Health Education Account.

(2) Thirty-five percent shall be deposited in the Hospital Services Account.

(3) Ten percent shall be deposited in the Physician Services Account.

(4) Five percent shall be deposited in the Research Account.

(5) Five percent shall be deposited in the

30130. This article may be amended only by vote of four-fifths of the membership of both houses of the Legislature. All amendments to this article must be consistent with its purposes.

SEC. 6. If any section, of this measure or part thereof, is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect.