

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

TAX ON CIGARETTES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

Imposes additional 13 cent tax on each cigarette distributed (\$2.60 per pack), and indirectly increases tax on other tobacco products. Provides funding to qualified hospitals for emergency services, nursing education and health insurance to eligible children. Revenue also allocated to specified purposes including tobacco use prevention programs, enforcement of tobacco-related laws, and research, prevention and treatment of various conditions including cancers (breast, cervical, prostate and colorectal), heart disease, stroke, asthma and obesity. Exempts recipient hospitals from antitrust laws in certain circumstances. Revenue excluded from appropriation limits and Proposition 98 calculations. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Increase in new state tobacco tax revenues of about \$2.1 billion annually by 2007-08, declining slightly annually thereafter. Those revenues would be used for various health and tobacco-related programs and for children's health coverage. Unknown net state costs potentially reaching the low hundreds of millions annually after a few years due to provisions for streamlining enrollment in the Medi-Cal and HFP. Unknown but potentially significant savings to counties on a statewide basis beginning in the near term for a shift of children from county health coverage to HFP, with unknown but potentially significant costs to the state in the long term for ongoing support of expanded HFP enrollment. Unknown but potentially significant savings in state and local government public health care costs over time due to expected reduction in consumption of tobacco products and due to other factors. (SA2005RF0139, Amdt. #1-NS.)