

TOBACCO TAX ACT OF 2006 — ACCOUNTABILITY

The Tobacco Tax Act of 2006 achieves two goals: it will reduce smoking, especially among kids, and fund critical healthcare priorities such as disease prevention, medical research, children's health insurance and emergency room care.

The Tobacco Tax Act of 2006 language maintains a strict system of checks and balances to assure accountability with regard to the approximate \$2.1 billion that will be raised by the initiative.

- Strict safeguards and audits are included to ensure funds go exactly where voters intend.
- Money deposited in the 2006 Tobacco Tax Act Trust Fund cannot be raided by the Legislature or any other entity, or used for any other purposes.
- No new bureaucracies or entitlements are created. The initiative strengthens existing and proven anti-smoking and healthcare programs.
- No other taxes will be created or used to offset the funding losses expected by lower cigarette sales.
- The Department of Health Services will be required to provide annual reports describing all programs that receive Tobacco Tax Act of 2006 Trust Fund monies and the detailed use of those funds. Reports will be available to the public on the department's Web site.
- All programs and departments receiving monies from the Tobacco Tax Act of 2006 Trust Fund are subject to audits by the Bureau of State Audits to ensure that the money is spent as voters intend.
- Funds are provided to the early childhood development programs (Proposition 10) to make up for any reduced revenue caused by the decline in tobacco use as a result of this initiative.
- Administrative costs cannot exceed five percent (5%) of the funds for any single program; in many cases the administrative cost is limited to one percent (1%).

The Tobacco Tax Act of 2006 is supported by a broad coalition, including the American Cancer Society, American Heart Association, and the American Lung Association. They are sponsoring this initiative because it will help keep kids from starting to smoke. They are also sponsoring this initiative because it provides immediate and tangible solutions to some of California's major health challenges.