

ACA 14 ANALYSIS

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Introduced by Assemblyman Lloyd Connelly (D - Sacramento) with public support from California Medical Association, American Lung Association, American Cancer Society and American Heart Association designating themselves as the COALITION FOR A HEALTHY CALIFORNIA.

Assemblyman William Filante (R - San Rafael) co-authored the legislation and Senator Diane Watson (D - Los Angeles) Chairman of Senate Health Committee, also appeared and spoke in support of the measure at a 2/23/87 press conference. Filante is the legislatures only M.D. He is an ophthalmologist. Connelly is a very liberal democrat from Sacramento. He and Tom Hayden are the principal legislator authors of Prop. 65.

ACA 14 would impose additional tax of 25 cents/pack of cigarettes to the already existing 10 cents/pack, and a new tax on OTP "equivalent to the combined tax on cigarettes."

The authors estimate that the new revenues created by this

measure, which they characterize as a "use tax", would amount to approximately \$600 million annually. (1985 Tax \$263 million x 2.5 = \$657 million.)

The measure also contains a provision which is intended to circumvent the so-called Gann spending limitation measure imposed by Prop. 4 passed as a Constitutional Amendment in 1979. The authors apparently believe that it takes a Constitutional Amendment to change the previous Constitutional Amendment.

ACA 14 creates a new "Tobacco Products Surtax Fund", and provides for a "continuous appropriation without regard to fiscal year" to the following:

- 1) 27-1/2% (\$165 million) to the State Dept. of Education, distributed to local school districts for K-12 school health promotion programs aimed at reducing smoking and "substance abuse."
- 2) 20% (\$120 million) to Department of Health Services to develop and implement "community-based" programs directed at "presentation."
- 3) 15% (\$90 million) to a newly created (by this act) California Institute of Tobacco Related Diseases for chemical research grants to indentify "causes, cures, diagnostic techniques, and treatment modalities for

tobacco related diseases."

- 4) 27-1/2% (\$165 million) to Health Care Deposit Fund to augment state funding of Medi-Cal program. Provides that the funds be used to pay for a "portion of treatment....of tobacco related disease." Also provides that funds not be used to reduce or supplant annual budget appropriations for Medi-Cal.
- 5) 5% (\$30 million) to cities and counties for prevention and control of fires and reduction of litter associated with smoking.
- 6) 2.5% (\$15 million) to Parks and Recreation for operation and maintenance to mitigate damage caused by tobacco related fires.
- 7) 2.5% (\$15 million) to Fish & Game Dept. for same purpose as Parks and Recreation.

#### The Legislative Process

ACA 14 will have to survive committee consideration of at least two committees in each house. It must then be approved by 2/3 of the members of both houses, (54 yes votes in the Assembly and 27 yes votes in the Senate). The Governor is not required to

sign nor can he veto a legislative Constitutional Amendment. If qualified for the ballot the measure can be approved by a simple majority of those voting in the next statewide election most likely in June of 1988.

Lobbyists are relatively confident in their ability to stop ACA 14 in early committees. The measure has now been assigned to Assembly Revenue and Taxation Committee and could be heard in Committee any time after March 26th. Revenue and Taxation meets on Mondays. Secondary referral, if measure should survive Revenue and Taxation, is not known.

Connelly is said to expect, or even hope, that his measure will be killed early in the legislature. Inside rumors abound that he is prepared to go to the initiative process with heavy financial backing from California Medical Association, and others from the voluntary health groups who are openly supporting the measure.

Clearly Connelly's method of parceling-out the revenues also entitle him to seek support from the educational community, senior citizens and poor seeking medical benefits; cities and counties and various environmental and outdoor sports interests.

Currently, opposition to the measure in the legislature is expected to come from Republicans. Their opposition can be based on various philosophical and political grounds -- no new taxes;

protest Gann limitations; earmarking of funds, etc.

Assembly Democratic leadership has indicated no position on ACA 14 yet, but would not be expected to automatically fall in line with Connelly. In my opinion democratic support for ACA 14 would be substantially less than solid.

### The Initiative Process

595,485 valid signatures of currently registered voters are required to qualify an initiative Constitutional Amendment for the California ballot. The initiative procedure is not unduly cumbersome and is well known to virtually anyone who can command sufficient financial resources to attempt it. Once qualified, the measure goes on the next statewide election ballot. Which ballot (June or November) is determined by the date of qualification.

It has been said that the only interests not provided for under ACA 14 are the smokers who would have to pay the tax.