

AMENDED IN ASSEMBLY JUNE 1, 2015

AMENDED IN ASSEMBLY APRIL 16, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1396

Introduced by Assembly Member Bonta
(Principal coauthor: Senator Pan)
(*Coauthor: Assembly Member Wood*)

February 27, 2015

An act to add Sections 30130.53 and 30130.55 to the Revenue and Taxation Code, relating to public health finance, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1396, as amended, Bonta. Public health finance.

The Cigarette and Tobacco Products Tax Law, the violation of which is a crime, imposes a tax of \$0.87 per package of 20 cigarettes on every distributor of cigarettes and a tax on the wholesale cost of tobacco products distributed at a tax rate that is equivalent to the combined rate of all taxes imposed on cigarettes, and at a rate equivalent to \$0.50 per pack cigarette tax. Revenues from taxes imposed under this law are deposited in specified accounts. These taxes are inclusive of the taxes imposed under the Tobacco Tax and Health Protection Act of 1988 (Proposition 99) and the California Children and Families Act of 1998 (Proposition 10).

This bill would require moneys collected *and deposited in the California Tobacco Tax Act of 2015 Fund* from an additional tax to be imposed on the distribution of cigarettes, a related floor stock tax, and a cigarette indicia adjustment tax ~~deposited into the California Tobacco~~

~~Tax Act of 2015 Fund, and to be~~ transferred from that fund to the California Children and Families Trust Fund, which is a continuously appropriated fund, *thereby making an appropriation*, the Cigarette and Tobacco Products Surtax Fund, the Breast Cancer Fund, and the General Fund, as necessary to offset revenue decreases to those funds directly resulting from additional taxes to be imposed.

This bill would also ~~continuously appropriate~~ *make* funds of accounts in the California Tobacco Tax Act of 2015 Fund *available* to specified state entities *upon appropriation by the Legislature to* supplement tobacco prevention and control programs, to improve existing programs to provide quality and access to health care programs for families and children, and to supplement funding for the enforcement of laws that regulate the distribution and sale of cigarettes and other tobacco products, as specified.

This bill would require the Department of Justice, the State Department of Public Health, the State Department of Education, the State Department of Health Care Services, and would request the Regents of the University of California, annually to publish an accounting of moneys received from the fund on their respective Internet Web sites.

This bill would become operative only if SB 591 of the 2015–16 Regular Session is also enacted and takes effect on or before January 1, 2016.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 30130.53 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 30130.53. (a) The board shall determine within one year of
- 4 the effective date of this act, and annually thereafter, the effect
- 5 that the additional taxes imposed on cigarettes by this article, and
- 6 the resulting increase in the tax on tobacco products required by
- 7 subdivision (b) of Section 30123, have on the consumption of
- 8 cigarettes and tobacco products in this state. To the extent that a
- 9 decrease in consumption is determined by the board to be a direct
- 10 result of the additional tax imposed by this article, or the resulting
- 11 increase in the tax on tobacco products required by subdivision
- 12 (b) of Section 30123, the board shall determine the fiscal effect

1 the decrease in consumption has on the Cigarette and Tobacco
2 Products Surtax Fund created by Section 30122 (Proposition 99
3 as approved by the voters at the November 8, 1988, statewide
4 general election), the Breast Cancer Fund created by Section
5 30461.6, the California Children and Families Trust Fund created
6 by Section 30131 (Proposition 10 as approved by the voters at the
7 November 3, 1998, statewide general election), and the General
8 Fund with respect to revenues derived from Section 30101.

9 (b) Funds shall be transferred from the California Tobacco Tax
10 Act of 2015 Fund, to the Cigarette and Tobacco Products Surtax
11 Fund, the Breast Cancer Fund, the California Children and Families
12 Trust Fund, and the General Fund, to offset the revenue decrease
13 directly resulting from imposition of additional taxes by this article.

14 (c) Transfers under this section shall be made by the board at
15 times as the board determines necessary to further the intent of
16 this section.

17 SEC. 2. Section 30130.55 is added to the Revenue and Taxation
18 Code, to read:

19 30130.55. (a) Notwithstanding any other law, the California
20 Tobacco Tax Act of 2015 Fund is a trust fund established solely
21 to carry out the purposes set forth in this article, and all revenues
22 deposited into the California Tobacco Tax Act of 2015 Fund,
23 together with interest earned by the fund, shall be expended only
24 in accordance with this article and its purposes.

25 (b) (1) Funds in the Tobacco Prevention and Education Account
26 ~~are hereby appropriated without regard to fiscal year~~ *shall be*
27 *available, upon appropriation by the Legislature,* to supplement
28 tobacco prevention and control programs as follows:

29 (A) ~~Eighty~~ *Eighty* percent to the State Department of Public Health.

30 (B) ~~Ten~~ *Ten* percent to the State Department of Education.

31 (C) ~~Ten~~ *Ten* percent to the University of California.

32 (2) Funds in the Tobacco Disease Related Health Care Account
33 ~~are hereby appropriated without regard to fiscal years~~ *shall be*
34 *available* to the State Department of Health Care ~~Services~~ *Services,*
35 *upon appropriation by the Legislature,* to improve existing
36 programs to provide quality and access to health care programs
37 for families and children pursuant to Chapter 7 (commencing with
38 Section 14000) to Chapter 8.9 (commencing with Section 14700),
39 inclusive, of Part 3 of Division 9 of the Welfare and Institutions
40 Code.

1 (3) Funds in the Tobacco Law Enforcement Account ~~are hereby~~
2 ~~appropriated without regard to fiscal years~~ *shall be available* to
3 the board, the Department of Justice, and the State Department of
4 ~~Public Health~~ *Health, upon appropriation by the Legislature*, for
5 the purpose of supplementing funding for the enforcement of laws
6 that regulate the distribution and sale of cigarettes and other
7 tobacco products, including, but not limited to, laws that prohibit
8 cigarette smuggling, counterfeiting, selling untaxed tobacco, selling
9 tobacco without a proper license, and selling tobacco to minors,
10 and enforcing tobacco-related laws, court judgments, and
11 settlements.

12 (c) Not more than ~~2~~ 5 percent of the funds received from the
13 California Tobacco Tax Act of 2015 Fund shall be used by any
14 state recipient for administrative costs.

15 (d) The Department of Justice, the State Department of Public
16 Health, the State Department of Education, and the State
17 Department of Health Care Services shall, and the Regents of the
18 University of California are requested to, on an annual basis,
19 publish on their respective Internet Web sites an accounting of
20 moneys received from the California Tobacco Tax Act of 2015
21 Fund and how the moneys were spent.

22 SEC. 3. This act shall become operative only if Senate Bill
23 591 of the 2015–16 Regular Session is also enacted and takes effect
24 on or before January 1, 2016.