

AMENDED IN ASSEMBLY JUNE 3, 2015

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.~~ *therefor, and declaring the urgency thereof, to take effect immediately.*

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 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 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.

This bill would declare that it is to take effect immediately as an urgency statute.

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

1 result of the additional tax imposed by this article, or the resulting
2 increase in the tax on tobacco products required by subdivision
3 (b) of Section 30123, the board shall determine the fiscal effect
4 the decrease in consumption has on the Cigarette and Tobacco
5 Products Surtax Fund created by Section 30122 (Proposition 99
6 as approved by the voters at the November 8, 1988, statewide
7 general election), the Breast Cancer Fund created by Section
8 30461.6, the California Children and Families Trust Fund created
9 by Section 30131 (Proposition 10 as approved by the voters at the
10 November 3, 1998, statewide general election), and the General
11 Fund with respect to revenues derived from Section 30101.

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

17 (c) Transfers under this section shall be made by the board at
18 times as the board determines necessary to further the intent of
19 this section.

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

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

28 (b) (1) Funds in the Tobacco Prevention and Education Account
29 shall be available, upon appropriation by the Legislature, to
30 supplement tobacco prevention and control programs as follows:

31 (A) Eighty percent to the State Department of Public Health.

32 (B) Ten percent to the State Department of Education.

33 (C) Ten percent to the University of California.

34 (2) Funds in the Tobacco Disease Related Health Care Account
35 shall be available to the State Department of Health Care Services,
36 upon appropriation by the Legislature, to improve existing
37 programs to provide quality and access to health care programs
38 for families and children pursuant to Chapter 7 (commencing with
39 Section 14000) to Chapter 8.9 (commencing with Section 14700),

1 inclusive, of Part 3 of Division 9 of the Welfare and Institutions
2 Code.

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

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

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

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

26 *SEC. 4. This act is an urgency statute necessary for the*
27 *immediate preservation of the public peace, health, or safety within*
28 *the meaning of Article IV of the Constitution and shall go into*
29 *immediate effect. The facts constituting the necessity are:*

30 *In order to immediately offset any revenue decreases to the*
31 *California Children and Families Trust Fund, the Cigarette and*
32 *Tobacco Products Surtax Fund, the Breast Cancer Fund, and the*
33 *General Fund as a result of additional taxes that may be imposed,*
34 *and to supplement tobacco prevention and control programs, to*
35 *improve existing programs to provide quality and access to health*
36 *care programs for families and children, and to supplement funding*
37 *for the enforcement of laws that regulate the distribution and sale*

- 1 *of cigarettes and other tobacco products at the earliest possible*
- 2 *time, it is necessary that this act take effect immediately.*

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