

Law & Industry Daily

Tobacco Tax Hike Would Fund Research

Thursday, February 2, 2012 · [Leave a Comment \(Edit\)](#)

SACRAMENTO, Calif., Feb. 2 (LID) – A campaign begun Thursday to raise California’s excise tax on tobacco to help bankroll research on lung cancer and other tobacco-related diseases and fund smoking prevention programs.

Proposition 29 seeks to raise the cigarette tax by \$1 a pack, to \$1.87, with equivalent increase on other tobacco products. In addition, dealers would face a distribution tax on inventories of cigarettes, at the rate of fifty mills (\$0.050) for each cigarette, which is about \$2 per pack.

California’s 87-cents excise tax on pack of cigarettes has remained unchanged since 1998.

The California Cancer Research Act, if enacted, could raise an estimated \$468 million annually for medical research, say proponents, including the American Cancer Society, the American Lung Association of California, and the American Heart Association.

The initiated state statute (09-0065, Amdt. #2NS, 09-0097) has qualified for the June 5 ballot.

Funds would help bankroll medical research and antismoking programs, as well as law-enforcement efforts to combat tobacco smuggling.

Sixty-cents of each dollar raised would go to fund research on cancer and other smoking-related illnesses. Meanwhile, 20 cents would go to fund smoking cessation and prevention programs and 15 cents would go to help fund research facilities.

Three pennies would be earmarked for tobacco smuggling enforcement. Two percent of revenues would pay administrative expenses by an oversight panel and the state Board of Equalization, which collects the state’s taxes on sales and use.

“Increasing California’s cigarette excise tax to fund tobacco control and prevention programs is a sound investment,” Roman Bowser, CEO of American Heart Association Western States Affiliate said in August, when the measure qualified for the ballot. “This measure will save lives by helping current smokers quit smoking and providing much-needed research funding for tobacco-related diseases, including heart disease and stroke.”

With anticipation that the increased costs of cigarettes resulting from the law would reduce consumption of cigarettes and thereby excise-tax receipts, the ballot measure includes a so-called backfill provision that calls on the state controller to deposit funds to replace lost revenues.

The ballot measure calls for the establishment of a California Cancer Research Life Sciences Innovation Trust Fund, where revenues would be deposited and overseen by a nine-member Cancer Research Citizens Oversight Committee.

The panel would include three directors from California’s National Cancer Institute-designated cancer centers, three University of California chancellors from the California Institute for Quantitative Biological Research, a practicing California physician and two advocates from disease groups.

Decrying the plan, the president of the California Taxpayers Association, Teresa Casazza, said Prop. 29’s seemingly “good intentions are overshadowed by the fact that California simply cannot afford another billion-dollar government boondoggle to create another wasteful spending program.”



The Californians for a Cure campaign is co-chaired by former state Senate President Pro Tempore Don Perata (D-Oakland) and cyclist Lance Armstrong. Opposing the measure is Californians Against Out-of-Control Taxes & Spending.

The California Cancer Research Act, if enacted, will be codified in the California Revenue and Taxation Code, at Cal. Rev. Tax § 30130.50 et seq.

The statute would allow for legislative changes “to further the purposes of the Act” so long as changes were consistent with the oversight committee’s recommendations and were approved by at least two-thirds votes in the Assembly and Senate.

The text of the California Cancer Research Act is available [here](#). The nonpartisan Legislative Analyst’s Office analysis is [here](#)

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