

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**CIGARETTE TAX. CHILDREN'S HEALTH INSURANCE. CONSTITUTIONAL**

**AMENDMENT AND STATUTE.** Imposes additional \$0.0375 tax on each cigarette distributed (\$0.75 per pack) and indirectly increases tax on other tobacco products. Increases the number of children eligible for no-cost or low-cost health care coverage through Medi-Cal and the Healthy Families Program. Provides funding for the additional children's health care coverage. Allocates revenue to specified purposes including prevention and reduction in the use of tobacco products and the prevention and study of tobacco-related diseases, including lung cancer.

Excludes revenue from appropriation limits and minimum education funding calculations.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Increase in new state tobacco tax revenues of over \$750 million annually by 2009-10, declining slightly annually thereafter. These revenues would be used for children's health coverage and for various health and tobacco-related programs. Unknown but potentially significant costs to the state of up to the low hundreds of millions of dollars annually in the long term for ongoing support of the expanded Healthy Families Program (HFP) and Medi-Cal program as tobacco revenues decline and enrollment in these programs increases. Unknown but potentially significant savings to counties on a statewide basis beginning in the near term for a shift of children from county health coverage to the HFP and Medi-Cal. Unknown but potentially significant savings in state and local government public health care costs over time due to expected reduction in consumption of tobacco products and due to other factors.

(Initiative 08-0007.)