

September 19, 2006

Marin County Board of Supervisors  
3501 Civic Center Drive  
San Rafael, California 94903

**SUBJECT:** Request to Support Proposition 86, the "Tobacco Tax Act of 2006," on the November 7, 2006 statewide ballot

Dear Supervisors:

**RECOMMENDATION:** It is recommended that your Board support Proposition 86, the "Tobacco Tax Act of 2006," on the November 7, 2006 statewide ballot. Adopt the attached resolution supporting the measure.

**SUMMARY:** For the past several years, Marin County's Children's Health Initiative has sought to make health care services and health care insurance available to all Marin County children. The effort has primarily been funded by the Marin Community Foundation, the First Five Commission, and the County - with additional support from Kaiser Hospital, Marin General Hospital, and the Marin Health Care District. While this effort has been successful, its current funding may not be sustainable, and there is a need for additional support for services and more comprehensive insurance options, which would be provided by Proposition 86, the "Tobacco Tax Act of 2006."

A pack of cigarettes now costs roughly \$4.00 in California, which includes 87 cents in state excise taxes. These excise taxes generate an estimated \$1.1 billion annually, largely for early childhood development programs; a variety of tobacco-related prevention and disease research efforts; and health care services for low-income uninsured persons.

Effective January 2007, Proposition 86 would impose an additional 13 cent tax on each cigarette distributed (or \$2.60 per pack), and indirectly increase taxes on other tobacco products, generating approximately \$2.1 billion in new revenue annually by FY 2007-08. Approximately 50% of these new revenues would be dedicated to:

- Hospital funding, to pay their unreimbursed costs for emergency services and to improve or expand emergency services, facilities, or equipment;
- Nursing education programs; and
- Various smaller additional allocations, including support for nonprofit community clinics; pay for uncompensated health care for uninsured persons; and for services to assist individuals to quit smoking, for example.

Approximately 40% of these new revenues would be dedicated to various health and disease-prevention programs, children's health coverage, and tobacco-related programs, including:

- Comprehensive insurance coverage for all children in families up to 300% of the federal poverty level (about \$50,000 for a family of three) who are not currently eligible for Healthy Families or for Medi-Cal. (Note that the Marin Children's Health Initiative provides a less comprehensive health insurance package for children up to 250% of the federal poverty level). Proposition 86 could represent up to \$1.5 million worth of health care coverage to Marin County children, including the over 1,100 currently insured through the CalKids program primarily sponsored by the Marin Community foundation;
- Simplification and streamlining of the current enrollment process for all government-funded children's health insurance programs; and
- Competitive grants and increased research in various aspects of prevention of tobacco use and tobacco-related diseases, as well as other types of cancer, including breast cancer.

Sponsored by the American Cancer Society; American Lung Association of California; American Heart Association; California Hospital Association; The Children's Partnership; California Emergency Nurses Association; and others, the measure is supported by the League of California Cities; California State PTA; League of Women Voters of California; California Medical Association; California Breast Cancer Organizations; California Tobacco Control Alliance; California Association of Public Hospitals; California Children's Hospitals Association; and many others.

Given that one of your Board's six Countywide Priority Initiatives for FY 2006-07 is to "secure stable funding sources for the Children's Health Initiative for low-income residents," and because Proposition 86 would represent a more sustainable funding source for health insurance coverage for children in Marin County versus any current alternatives, it is recommended by the Director of the Department of Health & Human Services and the County Administrator that your Board adopt the attached resolution supporting the "Tobacco Tax Act of 2006" on the November 7, 2006 statewide ballot.

**FISCAL IMPACT:** Passage of the initiative would provide additional funding for County-supported health care services to children, including up to as much as \$1.5 million annually to provide comprehensive health insurance for uninsured children in Marin. These revenues would likely decline over time as usage and sales of tobacco declines; however the additional funding is far more sustainable than any other option available to provide children's health insurance at the local level.

Should you have any questions, feel free to contact me or Dan Eilerman of my staff.

Respectfully submitted,

Matthew H. Hymel  
County Administrator