

Agenda Report

TO: CITY COUNCIL

DATE: February 28, 2000

FROM: CYNTHIA J. KURTZ, CITY MANAGER

SUBJECT: OPPOSITION TO PROPOSITION 28 – AN INITIATIVE STATUTE TO REPEAL PROVISIONS OF PROPOSITION 10 WHICH ESTABLISHED THE CALIFORNIA CHILDREN AND FAMILIES FIRST TRUST FUND AND TOBACCO SURTAX

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached resolution **opposing** Proposition 28 – Repeal of Proposition 10 Tobacco Surtax, Initiative Statute;
2. Authorize the City's position to be communicated to the community; and
3. Authorize the Mayor to send letters to the appropriate authorities.

BACKGROUND:

Proposition 10, the California Children and Families Act of 1998, was enacted by California's voters in the November 1998 election. Proposition 10 created the California Children and Families First Program "for the purposes of promoting, supporting, and improving the early development of children from the prenatal stage to five years of age. These purposes shall be accomplished through the establishment, institution, and coordination of appropriate standards, resources, and integrated and comprehensive programs emphasizing community awareness, education nurturing, child care, social services, health care, and research." Proposition 10 imposes new and increased excise taxes on cigarettes and other tobacco products to provide the revenue to fund its programs. The revenues generated by the new excise taxes on tobacco products are directed to the California Children and Families First Trust Fund which allocates money to the state and county commissions to administer and carry out funded activities. Eighty percent of the new tobacco revenue is allocated to the county commissions based on ratio of births per county. Proposition 10 is expected to raise approximately \$670 million statewide in FY 2000. Los Angeles County's portion of that funding is \$165 million. Pasadena will benefit from this funding as part of a service planning area (SPA) in Los

Angeles County. The estimated benefit to our community is approximately \$5 million. However, as of this date, no funds are earmarked for health and human services provided directly by the City of Pasadena.

If passed, Proposition 28 will repeal provisions of Proposition 10 as follows:

- Repeals additional \$.50 per pack tax on cigarettes and equivalent increase in state tax on tobacco products previously enacted by Proposition 10.
- Eliminates funding for Proposition 10 early childhood development and smoking prevention programs.
- Prohibits imposition of additional surtaxes on distribution of cigarettes or tobacco products unless enacted by state legislature.
- Provides for termination of California Children and Families First Trust Fund once all previously collected taxes under Proposition 10 are appropriated and expended.

Since Proposition 28 eliminates the California Children and Families First Trust Fund, millions of dollars targeted for quality childcare, critical health education and services, and preschool and parent education initiatives will be forfeited. The potential for long term savings in health care costs resulting from decreased consumption of tobacco and savings on costly special education programs will not be realized.

City staff, agency representatives and community members of the Family Community Council, a public-private partnership that focuses on children, youth and family issues, have participated in the regional planning process of the Los Angeles County Proposition 10 Commission. Identified priorities include: (1) ensuring access to services; (2) helping families help themselves; (3) enhancing child care and early learning; (4) services system coordination and responsiveness; and (5) building Commission and community capacity. Coordination and collaboration at the local level will assure success in implementing strategies in support of these priorities. Opportunities to make a critical difference in early childhood development will be severely restricted without the funding to implement these strategies which support pregnant women and families with young children.

Repeal of Proposition 10 will also limit the State's capacity to fund media campaigns against smoking. The campaigns are designed to prevent smoking by warning parents of the link between smoking and poor birth outcomes, disease, disability and death in children. For instance, smoking during pregnancy accounts for an estimated 20 to 30 percent of low birth weight babies and increases the risk of Sudden Infant Death Syndrome (SIDS). Each year, secondhand smoke is responsible for 150,000-300,000 lower respiratory tract infections in infants. Since passage of Proposition 10, California tobacco sales have dropped 30 percent. Anti-smoking messages and the higher prices of cigarettes are believed to have contributed largely to the decline in smoking.

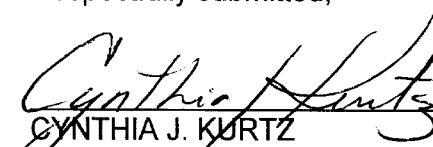
Passage of Proposition 28 would impede vital advances in the fight against smoking and the fight for healthier children in California. Staff recommend that the work of the Children

and Families First Commissions be allowed to proceed according to the letter and spirit of Proposition 10 and that any attempt to repeal Proposition 10 through state-wide ballot initiative or legislation be opposed.

FISCAL IMPACT:

Passage of this legislation could result in a statewide loss in FY 2001 of \$670 million and a Los Angeles County loss of \$165 million. The loss to the Pasadena community could be as much as \$5 million worth of strategic services in support of early childhood development.

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

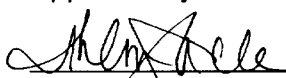
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