



Support AB 2344 (Beall) Protect Funding for Tobacco Prevention and Cessation Programs

Summary: AB 2344 (Beall) would ensure full cost recovery for tobacco products licensing by replacing the current one-time \$100 tobacco sales license fee with an annual \$185 fee.

Background: The Legislature established the Cigarette and Tobacco Products Licensing Act (CTPLA) to provide funds for investigators required to curb evasion of the tobacco tax by retailers and other outlets. Unfortunately, the fund has fallen short of being a self-supporting program, and as a result the state Board of Equalization has tapped into the fund to make up the \$7 million deficit, diverting money from the State's General Fund, and important funds designed to prevent tobacco-related illnesses and reimburse local hospitals for tobacco-related treatment.

By not adjusting for the needed funding requirements, the state is indirectly subsidizing the tobacco industry, whose profits come at the expense of California's health.

Cigarette and tobacco retailers currently pay a one-time licensing fee of \$100 with no annual renewal, unlike other state licenses. This bill establishes an annual renewal of the retailers' license fee of \$185. The revenue will fully fund the licensing program so the \$7 million shortfall can go back to Proposition 99, Proposition 10, the Breast Cancer research fund, and the State's General fund.

This bill will make the CTPLA a 100% fully funded program as originally intended.

| Type of License | Fiscal Year 2006-2007 |
|--|-----------------------|
| Number of Retail Locations ¹ | 38,000 |
| Licensing Fees (Dollars) ² | \$2,182,976 |
| Board of Equalization Administrative Costs in Budget | \$9,211,566 |
| Shortfall (Licensing Fees – BOE Admin. Costs) | -\$7,028,590 |
| Estimate of Annual Fee Per Location Needed | \$185 |

¹ According to the Board of Equalization Excise Taxes Division, there were 37,995 retail locations as of 6/30/07.

² Source: Board of Equalization Financial Management Division. Note: It is unclear how many new retailers will be issuing a license for the first time.

SAMPLE LETTER OF SUPPORT – AB 2344

RE: AB 2344 (Beall) - SUPPORT

Dear Assemblymember Beall:

As an organization concerned with promoting public health through tobacco prevention and cessation programs, we are strongly in support of AB 2344 (Beall), which would ensure full cost recovery for tobacco products licensing.

The Legislature established the Cigarette and Tobacco Products Licensing Act (CTPLA) to provide funds for investigators required to curb evasion of the tobacco tax by retailers and other outlets. Unfortunately, the fund has fallen short of being a self-supporting program, and as a result the state has tapped into the fund to make up the deficit, diverting money from the State's General Fund, and important funds designed to prevent tobacco-related illnesses and reimburse local hospitals for tobacco-related treatment.

By not adjusting for the needed funding requirements, the state is indirectly subsidizing the tobacco industry, whose profits come at the expense of California's health.

Cigarette and tobacco retailers currently pay a one-time licensing fee of \$100 with no annual renewal, unlike other state licenses. This bill establishes an annual renewal of the retailers' license fee of \$185. The revenue will fully fund the licensing program so the \$7 million shortfall can go back to Prop 99, Prop 10, the Breast Cancer research fund, and the State's General fund.

Thank you again for your consideration of AB 2344.

Sincerely,

(your name and organization)

Please direct letters of support to Assemblymember Jim Beall and send to:

Breathe California
2171 Junipero Serra Blvd Suite 720
Daly City, CA 94014

If you have questions, or want to help support AB 2344, please call Breathe California at 650-994-5868.