

**Initiative #143
Increase Cigarette and Tobacco Taxes**

1 **Amendment ? proposes amending the Colorado Constitution to:**

- 2 ♦ increase the state tax on a pack of cigarettes from \$0.84 to \$2.59;
- 3 ♦ increase the state tax on other tobacco products from 40 percent to
4 62 percent of the price; and
- 5 ♦ distribute the new tax money for medical research, tobacco-use
6 prevention, doctors and clinics in rural or low-income areas, veterans'
7 services, and other health-related programs.

8 **Summary and Analysis**

9 **Existing taxes on cigarettes.** The federal government collects a tax of \$1.01 on
10 each pack of 20 cigarettes. Additionally, every state collects a cigarette tax.
11 Colorado's cigarette tax is 84 cents per pack. Of this amount, 64 cents is required to
12 be spent on health-related programs identified in the Colorado Constitution, including
13 Medicaid, children's health care, tobacco education programs, and disease prevention
14 and treatment. The remaining 20 cents is spent on various state government
15 programs. Local governments may choose not to collect a cigarette tax in order to
16 receive a share of state revenue. Since 1973, no local government has collected a
17 cigarette tax.

18 **Existing taxes on other tobacco products.** Both the federal and state
19 government collect taxes on non-cigarette tobacco products, including cigars, pipe
20 tobacco, snuff, dip, and chewing tobacco. Existing taxes do not apply to e-cigarettes.
21 The federal tax is calculated according to the product's weight or price. Colorado's
22 state tax is equal to 40 percent of the manufacturer's list price of the product. Of this
23 amount, half is spent on the same health programs as the cigarette tax, and half is
24 spent on other state government programs. Some local governments collect sales
25 taxes on tobacco products.

26 **Existing cigarette and other tobacco taxes.** Colorado collected about
27 \$197.9¹ million from cigarette and tobacco taxes in state budget year 2015.¹ Of this
28 amount, \$142.2¹ million was spent on health-related programs as required in the
29 Colorado Constitution, and \$55.7¹ million was spent on other state and local
30 government programs.

31 State sales taxes are collected on some services and most goods, including
32 cigarettes and tobacco products. Sales taxes are spent on the state's general
33 operating budget.

¹Budget year 2015-16 data will be used once data are available.

1 **Additional taxes on cigarettes and tobacco products in Amendment ?**. The
 2 measure increases the cigarette tax by \$1.75 per pack of 20 cigarettes and the tax on
 3 other tobacco products by 22 percent of the manufacturer's list price. The tax increase
 4 will take effect on January 1, 2017. Neither the existing taxes nor the additional taxes
 5 in Amendment ? apply to e-cigarettes. Revenue from the new taxes is exempt from
 6 the state's constitutional revenue limit.

7 **Distribution of new tax revenue in Amendment ?**. The distribution of the money
 8 generated from the additional taxes is shown in Figure 1.

9 **Figure 1**
 10 **Distribution of Money Generated From Additional Taxes Under Amendment ?**

Purpose	Distribution
Spending on health-related programs funded by previously approved tobacco taxes, including Medicaid, children's health care, tobacco education programs, and disease prevention and treatment	18%, up to \$36 million annually. Any amount over \$36 million will be distributed proportionally to the other uses.
Research grants to study tobacco-related health issues	27%
Education and prevention, and other programs encouraging people to stop using tobacco	16%
Grants to improve health, find employment, and prevent homelessness for veterans	14%
Grants for child and adolescent mental health and substance abuse prevention and treatment	10%
Construction or improvements to community health centers or providers that serve predominantly low income patients	10%
Student loan repayment and training for health care professionals working in rural or underserved areas of the state	5%

30 Amendment ? requires the state legislature to maintain 2016 funding levels for
 31 existing health-related programs in Figure 1 and use the new tax revenue to expand
 32 the existing programs.

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1 **Arguments For**

2 1) Higher prices for cigarettes and tobacco products have been shown to deter
3 smoking and tobacco use, especially among children and young adults. When
4 cigarette taxes were last increased in 2005, the number of cigarettes consumed
5 per person in Colorado fell by 12.6 percent. Tobacco use is a leading cause of
6 preventable diseases like cancer, heart, and lung disease, contributing to 5,100 deaths
7 in Colorado per year. Reducing smoking and tobacco use will improve the health of
8 Colorado residents.

9 2) Dedicating cigarette and tobacco tax revenue to health care and research is an
10 important way to offset the health care burden and cost tobacco use places on the
11 state. Tobacco use increases direct health care costs in Colorado by an estimated
12 \$1.9 billion annually, with additional health care costs related to secondhand smoke.
13 The revenue from the proposed tax increase will fund health programs, research, and
14 benefits for Colorado veterans, people with mental health diagnoses, and rural health
15 care providers.

16 **Arguments Against**

17 1) Amendment ? is a \$315.7 million tax increase. The measure creates a
18 constitutional requirement that revenue from the new taxes be spent on specific
19 programs, even if these programs are ineffective at reducing the cost of tobacco use.
20 Unless voters approve another constitutional change, the spending priorities in the
21 measure will receive taxpayer funding indefinitely. As tobacco use declines,
22 Amendment ? will lock in state spending on unnecessary programs even when new
23 needs are identified in the state budget.

24 2) Tripling the tax on cigarettes impacts low-income tobacco users the most.
25 Recent studies have shown that people with lower incomes are more likely to use
26 tobacco products and less able to afford a tax increase. Nationally, more than a
27 quarter of people in poverty smoke cigarettes, and tobacco users with low incomes
28 spend about 14 percent of their household income on tobacco products. Because
29 these products are addictive, tobacco users may continue using tobacco even after
30 taxes are increased. Low-income tobacco users who are unable to quit will subsidize
31 programs that benefit non-tobacco users, taking money out of already tight household
32 budgets.

33 **Estimate of Fiscal Impact**

1 **State revenue and spending.** Amendment ? is expected to increase new state
2 tax revenue by \$315.7 million in state budget year 2017-2018, the first full year in
3 which the new tax will be in effect. The higher cost of cigarettes is expected to reduce
4 tobacco consumption and revenue from existing taxes by \$16.7 million. The net
5 impact to state revenue under Amendment ? is expected to be \$299.0 million in state
6 budget year 2018. The amendment outlines how the new revenue from the tax
7 increase must be spent, shown below in Figure 2. All of these programs will be
8 administered by either the Colorado Department of Public Health and Environment or
9 the Department of Health Care Policy and Financing.

10 **Figure 2**
11 **Estimated Revenue From Additional Taxes Under Amendment ?**
12 **State Budget Year 2017-2018**

Purpose	Estimated Amount
Spending on health-related programs funded by previously approved tobacco taxes, including Medicaid, children's health care, tobacco education programs, and disease prevention and treatment	\$36 million
Research grants to study tobacco-related health issues	\$92 million
Education and prevention, and other programs encouraging people to stop using tobacco	\$55 million
Grants to improve health, find employment, and prevent homelessness for veterans	\$48 million
Grants for child and adolescent mental health and substance abuse prevention and treatment	\$34 million
Construction or improvements to community health centers or providers that serve predominantly low income patients	\$34 million
Student loan repayment and training for health care professionals working in rural or underserved areas of the state	\$17 million

31 Because Amendment ? takes effect January 1, 2017, state revenue will increase
32 by approximately \$149.5 million, and costs will increase in the Colorado Department of
33 Public Health and Environment, the Department of Health Care Policy and Financing,
34 and the Department of Revenue in budget year 2016-17.

1 **State Spending and Tax Increases**

2 Article X, Section 20 of the Colorado Constitution requires that the following fiscal
3 information be provided when a tax increase question is on the ballot:

- 4 ♦ estimates or actual amounts of state fiscal year spending for the current
5 year and each of the past four years with the overall percentage and
6 dollar change; and
- 7 ♦ for the first full year of the proposed tax increase, an estimate of the
8 maximum dollar amount of the tax increase and of state fiscal year
9 spending without the increase.

10 “State fiscal year spending” is a legal term in the Colorado Constitution. It equals
11 the amount of revenue subject to the constitutional spending limit that the state is
12 permitted to keep and either spend or save for a single year. Table 3 shows state
13 fiscal year spending from FY 2012-13 through FY 2016-17.

14 **Table 3**
15 **State Fiscal Year Spending, FY 2012-13 to FY 2016-17**

	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	Preliminary FY 2015-16	Estimated FY 2016-17
Fiscal Year Spending	\$11.11 billion	\$11.69 billion	\$12.36 billion	TBD	TBD
Four-Year Dollar Change in State Fiscal Year Spending: TBD					
Four-Year Percent Change in State Fiscal Year Spending: TBD					

22 *FY = fiscal year. The state's fiscal (or budget) year begins on July 1.

23 Table 4 shows the revenue expected from the new tax, and state fiscal year
24 spending without the tax, for FY 2017-18, the first full fiscal year for which the increase
25 would be in place.

26 **Table 4**
27 **State Fiscal Year Spending and the Proposed Cigarette**
28 **and Tobacco Tax Increase**

	FY 2017-18 Estimate
State Fiscal Year Spending	TBD
Revenue from the New Tax	\$315.7 million

29
30
31

Last Draft as Mailed to Interested Parties

Initiative #143 Increase Cigarette and Tobacco Taxes

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26 tobacco users the most. Recent studies have shown that people with lower incomes
27 are more likely to use tobacco products and less able to afford a tax increase.
28 Nationally, more than a quarter of people in poverty smoke cigarettes, and tobacco
29 users with low incomes spend about 14 percent of their household income on tobacco
30 products. Because these products are addictive, tobacco users may continue using
31 tobacco even after taxes are increased. Low-income tobacco users who are unable to
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Last Draft Comments from Interested Parties

Initiative 143 Increase Cigarette and Tobacco Taxes

Hermine Kallman, representing Keith Pearson and Wilson Buckley Croom:

Good afternoon Mr. Silbaugh:

Attached please find correspondence submitting our comments on the final draft of the ballot analysis on Initiative #143.

Thank you,
Hermine

Ms. Kallman also submitted a letter from the opponents (Attachment A).

Kenneth S. Kramer, representing The Cigarette Store Corp:

Please consider the following additional information to add to your paragraph 1 of Arguments Against.

The current cigarette tax in Colorado is \$.84 per pack (\$8.40 per carton of ten packs) while the state cigarette tax rates in surrounding states would all be lower if the voters passed the tax increase. If the cigarette tax was increased, Colorado residents would travel to neighboring states for per carton cigarette savings of \$19.90 in Wyoming, \$19.50 in Nebraska, \$13.00 in Kansas, \$9.30 in New Mexico and \$8.90 in Utah. The loss of sales to border states would be magnified when these Colorado consumers also purchase gasoline, snacks, and beverages from these out-of-state retailers. Tobacco is an easy target, but the negative consequences for family-owned retail stores that sell tobacco would be devastating.

Christine McGroarty, representing the Colorado Department of Public Health and Environment:

Good morning,

Our Tobacco program folks have identified a few areas of concern with the proposed Blue Book language. There are two documents attached, one with concerns and explanations for those concerns and a version of the Blue Book language with some proposed edits in track changes. Please let us know if you have any questions or if it would help to walk through any of these.

Thanks,

Christine

Ms. McGroarty also submitted comments (Attachment B) and suggested edits (Attachment C).

August 16, 2016

Via E-mail (cigarettetobaccotaxes2016.ga@state.co.us)

Larson Silbaugh
Room 029 State Capitol
Denver, CO 80203

RE: Initiative #143 – Increase Cigarette and Tobacco Taxes – Comments on the Third Draft

Dear Mr. Silbaugh:

Thank you for sending the third draft of the ballot analysis on Initiative #143 – Increase Cigarette and Tobacco Taxes. Below, please find our comments on behalf of our clients, Keith Pearson and Wilson Buckley Croom. This issue was previously raised in connection with the two prior drafts, but the staff chose not to include it in the ballot analysis. However, we strongly believe that it is an important matter that should be brought to voters' attention, as without this information, the discussion on Initiative #143 is incomplete and potentially misleading.

Summary and Analysis

Initiative #143 aims to increase taxes to raise an additional \$315.7 million, some of which will be dedicated to various tobacco-related programs. For voters to be able to assess whether the additional tax revenues are required to fund these programs, or whether these programs are sufficiently funded, it is important to provide the most complete and accurate information on the total funding dedicated to tobacco-related programs that the state currently receives from various sources. Numbers are provided in the Arguments For on the estimated direct health care costs, so it is only fair that the full funding the state receives related to tobacco is also disclosed to voters. Not including this funding stream would be misleading to the voters.

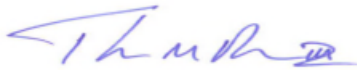
Accordingly, on page 1, lines 26-30, the discussion must include a reference to the amounts the state receives and expects to receive under the state's annual tobacco settlement payments under C.R.S. § 39-28-203. Under the Master Settlement Agreement (MSA) entered in 1998, Colorado is entitled to \$2.8 billion from cigarette companies over 25 years.¹ \$1.6 billion has been paid over the past 18 years. Another \$1.2 billion is expected to be paid within the next seven years. This is essential information to which voters are entitled before they are asked to

¹ See <http://coag.gov/node/558>; <http://www.gao.gov/new.items/d05312.pdf>, page #28

make a decision on whether additional funding, through increased taxes, is necessary or proper.

Thank you for your consideration of these comments.

Very truly yours,



Thomas M. Rogers III

Corrections to 143 Blue Book Draft 3

1. *Page 1, Lines 24-25*

Edit: Remove “Some local governments collect additional taxes on tobacco products.”

Rationale: This is not correct. Some local governments license retailers to sell “other tobacco products,” but do not collect additional taxes. Line 16-17 on page 1 makes clear that since 1973 no Colorado local government has collected a cigarette tax. We know of no community that is assessing a tax on other tobacco products.

2. *Page 2, line 13 and Page 5, line 20*

Edit: Replace “problems” with “issues” as some research may not address a problem but instead contribute to the knowledge base of tobacco-related research.

~~2-3.~~ Page 3, Line 13

Edit: Replace “rural health care providers” with “access to care in rural areas.”

Rationale: This incorrectly describes the beneficiaries of the tobacco tax revenues. The programs related to rural health (i.e. shore up funding for safety net clinics or pay off the loans of providers) are designed to increase access to care in rural and underserved. Whether this narrative refers to funding for construction to community health centers OR the funding for medical loan repayment, the programs cannot be fairly described as merely funding rural health care providers. The programs are the tool and the benefit is increasing access to care in rural areas (or rural and urban underserved).

~~3-4.~~ Page 3, Line 18

Edit: Replace sentence on line 18 with the following: “Amendment ? is an expected tax increase of \$315.7 million in the first year.”

Rationale: It is incorrect to state that this is a \$315.7 million tax increase. As stated on page 4, Line 2, the tax is expected to raise \$315.7 million in the first year, but it is also anticipated to collect fewer dollars each year as tobacco use declines.

~~4-5.~~ Page 3, Line 20

Edit: Remove “Even if these programs are ineffective at reducing the cost of tobacco use”

Rationale: This is an incorrect statement. State statute (CRS 25-3.5-805 & 25-20.5-302) requires tobacco tax revenues are spent on proven evidence-based strategies. If the programs are found to be ineffective, the program is obligated to redirect the funding allocations towards effective programs.

~~5-6.~~ Page 3, Line 25

Edit: Remove the words dramatic and hurt.

Rationale: These words are not factually correct and are merely value-laden statements about the tax. The tobacco tax does not hurt low-income people; in fact, low income people are expected to benefit the most from the tax because their tobacco use will likely decline the fastest and their overall health will improve and low-income individuals will receive most of the benefits from the programs receiving tax revenues (e.g. Medicaid expansion, breast and cervical cancer treatment program, homeless vets, patients seeking care in clinics serving low income patients, programmatic efforts to reduce tobacco use and to increase behavioral health services for children, etc.).

~~6.7.~~ _____ Page 4, Line 34

Edit: Amend line 34 in order that it states, "...by approximately \$149.5 million, and increase funding for the Colorado Department..."

Rationale: This statement suggests the Initiative 143 increases costs that will not be funded. It does not. It generates revenues that will pay for the costs created by the initiative.

Initiative #143
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22 state tax is equal to 40 percent of the manufacturer's list price of the product. Of this
23 amount, half is spent on the same health programs as the cigarette tax, and half is
24 spent on other state government programs. ~~Some local governments collect~~
25 ~~additional taxes on tobacco products.~~

Comment [amh1]: This is incorrect. Some local governments license retailers for other tobacco products, but do not collect additional taxes.

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27 \$197.9 1 million from cigarette and tobacco taxes in state budget year 2015.¹ Of this
28 amount, \$142.2 1 million was spent on health-related programs as required in the
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22 Grants to improve health, find employment, and 23 prevent homelessness for veterans	24 14%
24 Grants for child and adolescent mental health and 25 substance abuse prevention and treatment	26 10%
26 Construction or improvements to community health 27 centers or providers that serve predominantly low 28 income patients	29 10%
29 Student loan repayment and training for health care 30 professionals working in rural or underserved areas 31 of the state	32 5%

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 7 preventable diseases like cancer, heart, and lung disease, contributing to
 8 5,100 deaths in Colorado per year. Reducing smoking and tobacco use will improve
 9 the health of Colorado residents and reduce health costs due to tobacco use. The Surgeon General
 10 recommends states raise the retail price of tobacco products in order to reduce tobacco use. States that
 11 have raised tobacco taxes have lowered tobacco use more quickly than states that haven't.

12 2) Dedicating cigarette and tobacco tax revenue to health care and research is
 13 ~~one an important way to offset for users of tobacco to pay for~~ the health care burden and cost
 14 tobacco use they places on the state
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 17 proposed tax increase will fund health programs, research, and benefits for Colorado
 18 veterans, people with mental health diagnoses, and access to care in rural areas, rural health care
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 20 Tobacco use increases direct health care costs in Colorado by an estimated
 21 \$1.9 billion annually, with additional health care costs related to secondhand smoke.
 22 ~~Under Amendment ?, tobacco users will pay more of these costs.~~

Comment [amh2]: Loan repayment is not designed to benefit providers. It is the tool structured to increase access to care for the underserved.

17 **Arguments Against**

18 1) ~~Amendment ? is a \$315.7 million tax increase~~ an expected tax increase of \$315.7
 19 million in the first year. The measure creates a
 20 constitutional requirement that revenue from the new taxes be spent on specific
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 24 measure will receive taxpayer funding indefinitely. As tobacco use declines,
 25 Amendment ? will lock in state spending on ~~unnecessary~~ programs even when new
 26 needs are identified in the state budget.

Comment [amh3]: This is an untrue statement. It is not a flat tax increase.

Comment [amh4]: It is important this comment is corrected. State statute requires the money is spent on proven evidence based strategies.

27 2) Tripling the tax on cigarettes is a price dramatic increase that ~~hurts will be felt~~
 28 financially most by low-income people who use tobacco. ~~low income~~
 29 ~~tobacco users the most~~. Recent studies have shown that people with lower incomes
 are more likely to use tobacco products and less able to afford a tax increase.
 Nationally, more than a quarter of people in poverty smoke cigarettes, and tobacco
 users with low incomes spend about 14 percent of their household income on tobacco

Comment [amh5]: Using the words dramatic and hurt make this a value-laden statement. This type of statement is not used in the pro argument.

30 products. Because these products are addictive, tobacco users may continue using
31 tobacco even after taxes are increased. Low-income tobacco users who are unable to
32 quit will subsidize programs that benefit non-tobacco users, taking money out of
33 already tight household budgets.

1 **Estimate of Fiscal Impact**

2 **State revenue and spending.** Amendment ? is expected to increase new state
 3 tax revenue by \$315.7 million in state budget year 2017-2018, the first full year in
 4 which the new tax will be in effect. The higher cost of cigarettes is expected to reduce
 5 tobacco consumption and revenue from existing taxes by \$16.7 million. The net
 6 impact to state revenue under Amendment ? is expected to be \$299.0 million in state
 7 budget year 2018. The amendment outlines how the new revenue from the tax
 8 increase must be spent, shown below in Figure 2. All of these programs will be
 9 administered by either the Colorado Department of Public Health and Environment or
 10 the Department of Health Care Policy and Financing.

11 **Figure 2**
 12 **Estimated Revenue From Additional Taxes Under Amendment ?**
 13 **State Budget Year 2017-2018**

14	Purpose	Estimated Amount
15	Spending on health-related programs funded by	\$36 million
16	previously approved tobacco taxes, including	
17	Medicaid, children's health care, tobacco education	
18	programs, and disease prevention and treatment	
19	Research grants to study tobacco-related health	\$92 million
20	problems <u>issues</u>	
21	Education and prevention, and other programs	\$55 million
22	encouraging people to stop using tobacco	
23	Grants to improve health, find employment, and	\$48 million
24	prevent homelessness for veterans	
25	Grants for child and adolescent mental health and	\$34 million
26	substance abuse prevention and treatment	
27	Construction or improvements to community health	\$34 million
28	centers or providers that serve predominantly low	
29	income patients	
30	Student loan repayment and training for health care	\$17 million
31	professionals working in rural or underserved areas	
32	of the state	

33 Because Amendment ? takes effect January 1, 2017, state revenue will increase
 34 by approximately \$149.5 million, and ~~costs will increase~~ funding for it in the Colorado Department
 of
 35 Public Health and Environment, the Department of Health Care Policy and Financing,
 36 and the Department of Revenue in budget year 2016-17.

Comment [amh6]: This suggests that the initiative increases costs that will not be funded. It does not. It generates revenues that will pay for the costs created by the initiative.

3rd Draft

Initiative #143
Increase Cigarette and Tobacco Taxes
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Increase Cigarette and Tobacco Taxes
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Initiative 143
Increase Cigarette and Tobacco Taxes

1 **Ballot Title:** SHALL STATE TAXES BE INCREASED \$315.7 MILLION ANNUALLY BY AN AMENDMENT TO THE
2 COLORADO CONSTITUTION INCREASING TOBACCO TAXES, AND, IN CONNECTION THEREWITH, BEGINNING
3 JANUARY 1, 2017, INCREASING TAXES ON CIGARETTES BY 8.75 CENTS PER CIGARETTE (\$1.75 PER PACK
4 OF 20 CIGARETTES) AND ON OTHER TOBACCO PRODUCTS BY 22 PERCENT OF THE MANUFACTURER'S LIST
5 PRICE; AND ALLOCATING SPECIFIED PERCENTAGES OF THE NEW TOBACCO TAX REVENUE TO HEALTH-
6 RELATED PROGRAMS AND TOBACCO EDUCATION, PREVENTION, AND CESSATION PROGRAMS CURRENTLY
7 FUNDED BY EXISTING CONSTITUTIONAL TOBACCO TAXES; AND ALSO ALLOCATING NEW REVENUE FOR
8 TOBACCO-RELATED HEALTH RESEARCH, VETERANS' PROGRAMS, CHILD AND ADOLESCENT BEHAVIORAL
9 HEALTH, CONSTRUCTION AND TECHNOLOGY IMPROVEMENTS FOR QUALIFIED HEALTH PROVIDERS,
10 EDUCATIONAL LOAN REPAYMENT FOR HEALTH PROFESSIONALS IN RURAL AND UNDERSERVED AREAS, AND
11 HEALTH PROFESSIONAL TRAINING TRACKS?

12 *Be it Enacted by the People of the State of Colorado:*

13 **Section 1.** In the constitution of the state of Colorado, section 21 of article X, **add** (10) as
14 follows:

15 **Section 21. Tobacco Taxes for Health Related Purposes.** (10) (a) THE PEOPLE OF
16 COLORADO HEREBY FURTHER FIND THAT:

17 (I) TOBACCO PRODUCT SALES IN THE STATE OF COLORADO HAVE INCREASED;

18 (II) COLORADO'S NEED TO DETER CHILDREN AND YOUNG ADULTS FROM STARTING SMOKING IS AS
19 CRITICAL AS EVER;

20 (III) COLORADO NOW SPENDS LESS THAN HALF OF THE CENTERS FOR DISEASE CONTROL
21 RECOMMENDED LEVEL ON TOBACCO EDUCATION AND CESSATION PROGRAMS;

22 (IV) SMOKING ADVERSELY AFFECTS THE WELFARE OF COLORADANS DIRECTLY AND INDIRECTLY AND,
23 WITHOUT FURTHER ACTION, WILL DO SO NOW AND IN THE FUTURE; AND

24 (V) IT IS IN THE COLLECTIVE INTEREST OF ALL COLORADANS TO RAISE TOBACCO TAXES AND
25 COMPETITIVELY AWARD TOBACCO TAX REVENUES TO ENHANCE THE PHYSICAL AND BEHAVIORAL HEALTH OF
26 OUR POPULATION, TO FUND RESEARCH TO PREVENT AND CURE DISEASES SUCH AS CANCER, EMPHYSEMA,
27 AND ALZHEIMER'S, AND TO PROVIDE PROGRAMS THAT WILL ENHANCE THE WELL-BEING OF VETERANS, AS
28 WELL AS THOSE WHO LIVE IN RURAL AND UNDERSERVED AREAS OF OUR STATE.

29 (b) THERE ARE HEREBY IMPOSED THE FOLLOWING ADDITIONAL CIGARETTE AND TOBACCO TAXES,
30 WHICH SHALL BE IN ADDITION TO THE INCREASED RATES BY SUBSECTION (2) OF THIS SECTION:

31 (I) A STATEWIDE CIGARETTE TAX, ON THE SALE OF CIGARETTES BY WHOLESALERS, AT EIGHT AND
32 THREE-QUARTERS CENTS PER CIGARETTE (\$1.75 PER PACK OF TWENTY); AND

33 (II) A STATEWIDE TOBACCO PRODUCTS TAX, ON THE SALE, USE, CONSUMPTION, HANDLING, OR
34 DISTRIBUTION OF TOBACCO PRODUCTS BY DISTRIBUTORS, AT TWENTY-TWO PERCENT OF THE
35 MANUFACTURER'S LIST PRICE.

1 (c) THE CIGARETTE AND TOBACCO TAXES IMPOSED BY THIS SUBSECTION (10) SHALL BE IN ADDITION
2 TO ANY OTHER CIGARETTE AND TOBACCO TAXES EXISTING AS OF THE EFFECTIVE DATE OF THIS SUBSECTION
3 ON THE SALE OR USE OF CIGARETTES BY WHOLESALERS AND ON THE SALE, USE, CONSUMPTION, HANDLING,
4 OR DISTRIBUTION OF TOBACCO PRODUCTS BY DISTRIBUTORS. SUCH EXISTING TAXES AND THEIR
5 DISTRIBUTION SHALL NOT BE REPEALED OR REDUCED BY THE GENERAL ASSEMBLY.

6 (d) THE REVENUES GENERATED BY OPERATION OF THIS SUBSECTION (10)(b) SHALL BE
7 APPROPRIATED AS FOLLOWS:

8 (I) EIGHTEEN PERCENT OF THE REVENUES COLLECTED UNDER THIS SUBSECTION, UP TO THIRTY-SIX
9 MILLION DOLLARS ANNUALLY, SHALL BE ALLOCATED UNDER THE FORMULA FOR PROGRAMS SET FORTH IN
10 SUBSECTION (5); PROVIDED, HOWEVER, ANY AMOUNT OVER THIRTY-SIX MILLION DOLLARS THAT WOULD
11 OTHERWISE BE APPROPRIATED FOR THIS PURPOSE, BASED ON THIS EIGHTEEN PERCENT ALLOCATION, SHALL
12 BE DISTRIBUTED PROPORTIONATELY ACCORDING TO THE RELATIVE DISTRIBUTION OF REVENUES PROVIDED
13 BY SUBSECTION (10)(d)(II) (A)-(F).

14 (II) IN LIGHT OF THE ALLOCATION OF EIGHTEEN PERCENT OF REVENUES COLLECTED UNDER THIS
15 SUBSECTION AS PROVIDED IN SUBSECTION (10)(d)(I), THE REMAINING REVENUES COLLECTED UNDER THIS
16 SUBSECTION (10) SHALL BE APPROPRIATED IN THE FOLLOWING AMOUNTS:

17 (A) SIXTEEN PERCENT FOR TOBACCO EDUCATION, PREVENTION, AND CESSATION IN THE SAME
18 MANNER AS THE REVENUE PROVIDED BY SUBSECTION (5)(c) OF THIS SECTION.

19 (B) TWENTY-SEVEN PERCENT FOR TOBACCO-RELATED RESEARCH INTO CARDIOVASCULAR AND
20 PULMONARY DISEASES, CANCER, ALZHEIMER'S DISEASE, BEHAVIORAL HEALTH, MATERNAL HEALTH, AND
21 EARLY CHILDHOOD DEVELOPMENT TO BE ADMINISTERED BY THE COLORADO DEPARTMENT OF PUBLIC HEALTH
22 AND ENVIRONMENT, OR ITS SUCCESSOR AGENCY, WHICH SHALL ESTABLISH FOR THIS PURPOSE GRANT-
23 MAKING GUIDELINES AFTER CONSULTING WITH RESEARCH INSTITUTIONS THAT ARE RECOGNIZED AS
24 AUTHORITIES IN THESE RESEARCH AREAS AND THAT SPECIALIZE IN SUCH RESEARCH. BASED ON SUCH
25 GUIDELINES, GRANTS FROM THESE REVENUES SHALL BE AWARDED FOR IN-STATE RESEARCH BY COLORADO
26 ENTITIES ON THE BASIS OF SCIENTIFIC MERIT AS DETERMINED BY AN OPEN, COMPETITIVE PEER REVIEW
27 PROCESS THAT ASSURES OBJECTIVITY, CONSISTENCY, AND HIGH QUALITY RESEARCH AND ALSO EMPLOYS
28 CONFLICT-OF-INTEREST STANDARDS THAT REPRESENT BEST PRACTICES AS UTILIZED IN THE COMPETITION
29 FOR AND AWARD OF FEDERAL GRANTS IN THIS FIELD.

30 (C) FOURTEEN PERCENT FOR VETERANS' PROGRAMS TO ASSIST WITH THEIR WELL-BEING,
31 INCLUDING PHYSICAL AND BEHAVIORAL HEALTH, SERVICES TO RURAL VETERANS, HOMELESSNESS
32 PREVENTION, AND EMPLOYMENT TRANSITION SERVICES THROUGH PROGRAMS TO BE ADMINISTERED BY THE
33 COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, OR ITS SUCCESSOR AGENCY. THE
34 DEPARTMENT SHALL CONSULT WITH, AND CONSIDER THE EXPERTISE AND RECOMMENDATIONS OF
35 NONPROFIT VETERANS SERVICE ORGANIZATIONS TO DETERMINE SERVICE PRIORITIES AND DEVELOP THE
36 GRANT-MAKING PROCESS.

37 (D) TEN PERCENT FOR CHILD AND ADOLESCENT BEHAVIORAL HEALTH INCLUDING EVIDENCE-BASED
38 PREVENTION, EARLY INTERVENTION, AND TREATMENT PROGRAMS TO BE ADMINISTERED BY THE COLORADO
39 DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, OR ITS SUCCESSOR AGENCY, THROUGH A GRANT-
40 MAKING PROCESS.

1 (E) TEN PERCENT FOR CONSTRUCTION, IMPROVEMENT, AND NEW TECHNOLOGIES FOR ANY
2 QUALIFIED PROVIDER, AS DEFINED IN SECTION 25.5-3-301, COLORADO REVISED STATUTES, OR ANY
3 SUCCESSOR ACT, THAT MEETS EITHER OF THE FOLLOWING CRITERIA: IS A COMMUNITY HEALTH CENTER AS
4 DEFINED IN SECTION 330 OF THE PUBLIC HEALTH SERVICE ACT OR ANY SUCCESSOR ACT; OR AT LEAST
5 FIFTY PERCENT OF THE PATIENTS SERVED BY THE QUALIFIED PROVIDER ARE UNINSURED OR MEDICALLY
6 INDIGENT AS DEFINED IN THE COLORADO MEDICAL ASSISTANCE ACT OR ANY SUCCESSOR ACT, OR ARE
7 ENROLLED IN THE CHILDREN'S BASIC HEALTH PLAN OR THE COLORADO MEDICAL ASSISTANCE PROGRAM OR
8 SUCCESSOR PROGRAMS.

9 SUCH REVENUES SHALL BE APPROPRIATED TO THE COLORADO DEPARTMENT OF HEALTH CARE
10 POLICY AND FINANCING, OR ITS SUCCESSOR AGENCY, FOR THE PURPOSE OF FUNDING COLORADO HEALTH
11 SAFETY NET INFRASTRUCTURE IMPROVEMENTS, INCLUDING ALTERATION AND RENOVATION, CONSTRUCTION,
12 EQUIPMENT-ONLY PURCHASES, AND HEALTH INFORMATION TECHNOLOGY-RELATED HARDWARE AND
13 SOFTWARE.

14 (F) FIVE PERCENT FOR EDUCATIONAL LOAN REPAYMENT FOR HEALTH PROFESSIONALS WHO WORK
15 IN RURAL AND UNDERSERVED AREAS OF THE STATE THROUGH THE COLORADO HEALTH SERVICES CORPS,
16 OR SUCCESSOR PROGRAM, AND PROFESSIONAL TRAINING TRACKS FOR PHYSICIANS AT TEACHING HEALTH
17 CENTERS, DENTISTS, PEDIATRIC RESIDENCIES, PEDIATRIC PSYCHOLOGY FELLOWSHIPS, AND COMMUNITY
18 DENTAL HEALTH COORDINATORS THROUGH PROGRAMS TO BE ADMINISTERED BY THE COLORADO
19 DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, OR ITS SUCCESSOR AGENCY.

20 (e) THE LEGISLATIVE RESEARCH OFFICES OF THE GENERAL ASSEMBLY SHALL ANNUALLY PUBLISH
21 ON AN EASILY IDENTIFIED PORTION OF THE GENERAL ASSEMBLY'S WEBSITE THE NAMES OF ALL PROGRAMS
22 FUNDED UNDER THIS SUBSECTION (10) FOR THE PREVIOUS FISCAL YEAR, THE AMOUNTS APPROPRIATED
23 FROM THE TAXES GENERATED BY THIS SUBSECTION (10) FOR SUCH PROGRAMS, AND THE PURPOSES OF THE
24 EXPENDITURES.

25 (f) ALL REVENUES RECEIVED BY OPERATION OF THIS SUBSECTION (10) SHALL BE EXCLUDED FROM
26 FISCAL YEAR SPENDING, AS THAT TERM IS DEFINED IN SECTION 20 OF ARTICLE X OF THIS CONSTITUTION,
27 AND THE CORRESPONDING SPENDING LIMITS UPON STATE GOVERNMENT AND ALL LOCAL GOVERNMENTS
28 RECEIVING SUCH REVENUES.

29 (g) REVENUES APPROPRIATED PURSUANT TO PARAGRAPHS (10)(d)(II) (B)-(F) OF SUBSECTION (10)
30 SHALL BE USED TO SUPPLEMENT REVENUES THAT ARE APPROPRIATED BY THE GENERAL ASSEMBLY AS OF
31 JANUARY 1, 2016, AND SHALL NOT BE USED TO SUPPLANT THOSE APPROPRIATED REVENUES.

32 (h) THE GENERAL ASSEMBLY MAY ENACT SUCH LEGISLATION AS WILL FACILITATE IMPLEMENTATION
33 OF THIS INITIATIVE.

34 (i) THIS SUBSECTION (10) IS EFFECTIVE JANUARY 1, 2017.