

Office of the President

TO MEMBERS OF THE COMMITTEE ON EDUCATIONAL POLICY:

ACTION ITEM

For Meeting of September 14, 2011

ENDORSEMENT OF THE CALIFORNIA CANCER RESEARCH ACT

RECOMMENDATION

The President recommends that the Committee on Educational Policy recommend that the Regents endorse the California Cancer Research Act (Act), and direct the President to inform University of California constituents and supporters of the Act's benefit to the University, consistent with what is allowable under current State law, Regental policy and Presidential authority.

BACKGROUND

The California Cancer Research Act has qualified as a statewide initiative for the next general election which is currently scheduled for June 5, 2012 (Initiative Number 09-0097).

The Act would impose an additional tax on the distribution of cigarettes at the rate of five cents for each cigarette distributed and another five cents for each cigarette a dealer may have in stock. This works out to two dollars per pack. The revenue from the taxes imposed pursuant to this bill would be considered trust funds to be used solely for the purposes of the Act.

Under the Act, the California Cancer Research Life Sciences Innovation Trust Fund would be overseen by the nine-member "Cancer Research Citizens Oversight Committee." The Committee would consist of the chancellors of the campuses that are members of the California Institute for Quantitative Biosciences (UCSF, UCSC, and UCB), three members from among the directors of National Institutes of Health (NIH) Cancer Centers located in California (many of whom are from a University of California campus), one cardiovascular physician from an academic medical center, and two tobacco-related illness advocates.

The revenue from the tax imposed by the Act would be deposited into "The California Life Sciences Innovation Trust Fund." Sixty percent of the funds would be designated for use for grants and loans for research on lung cancer and other types of cancer, cardiovascular disease, emphysema, etc., and administered through an NIH-type competitive peer reviewed award process. Fifteen percent of the funds would go to grants and loans for facilities and equipment for health services and research. Twenty percent of the funds would go to tobacco prevention and

cessation programs. Three percent would go to law enforcement to reduce cigarette smuggling, tobacco tax evasion, etc. Two percent would go to administer the Act.

The Act includes a “backfill” provision that anticipates the increased tax imposed by the Act will reduce the consumption of cigarettes, and thereby reduce revenue from previously enacted taxes on tobacco and the related revenue streams that flow to the Breast Cancer Fund, the General Fund, the Cigarette and Tobacco Products Surtax Fund, and the California Children and Families Trust Fund. The Act requires the State Board of Equalization to calculate the lost revenue for these named funds and requires the Controller to transfer money from the funds generated by the tax imposed by the Act to the named funds to offset this lost revenue. Any backfill payment obligation would reduce the net funds available for research, facilities, prevention, law enforcement and administration.

The full text of the ballot measure is available at
http://ag.ca.gov/cms_attachments/initiatives/pdfs/i895_initiative_09-0097.pdf.

The analysis of the proposed initiative by the Legislative Analysts’ Office is available at
<http://www.lao.ca.gov/ballot/2009/090811.pdf>.