



Statewide Radio Ad: “Grab”

-FACT CHECK-

<p>MALE VOICE OVER (VO)</p> <p><i>Paid for by No on 56 - Stop the Special Interest Tax Grab. Major Funding by Philip Morris USA Inc. and R.J. Reynolds Tobacco Company, with a Coalition Of Taxpayers, Educators, Healthcare Professionals, Law Enforcement, Labor, and Small Businesses.</i></p>	<ul style="list-style-type: none"> • Legal disclaimer
<p>FEMALE VO</p> <p>Have you heard about Prop 56?</p> <p>The wealthy special interests behind it are telling us Prop. 56 is all about helping people stop smoking. But follow the money, and you'll find out that only 13 percent of the new taxes would actually help people quit or keep kids from starting. Just thirteen percent!</p>	<ul style="list-style-type: none"> • According to the CA Legislative Analyst: After backfilling any losses to existing tax revenues, allocating 5% to the Board of Equalization’s administrative costs, and allocating \$118 million to state programs (“off-the-top expenses”), Prop. 56 would allocate 11% of remaining revenues to the CA Tobacco Control Program in the Dept. of Public Health which aims to cease and prevent tobacco use, and 2% to the Dept. of Education for school programs to prevent and reduce tobacco use by young people (Revenue & Taxation Code [RTC] 30130.55[b]). http://elections.cdn.sos.ca.gov//statewide-elections/2016-general/prop-56-leg-analysis.pdf • Spending on prevention and research is barely more than administration and overhead. CA’s Legislative Analyst estimates up to \$140 million would go to the Tobacco Control Program, \$25 million would go to the Dept. of Education for smoking prevention (RTC 30130.55(b)), and \$60 million to UC tobacco research (RTC 30130.55(c)), totaling \$225 million. Admin. expenses (RTC § 30130.57(a)&(f)) could be as high as \$147 million. http://elections.cdn.sos.ca.gov//statewide-elections/2016-general/prop-56-leg-analysis.pdf

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<p>FEMALE VO</p> <p>Instead, most of the annual one point four billion dollars in new tobacco taxes goes to health insurance companies and other wealthy special interests.</p>	<ul style="list-style-type: none"> • According to the CA Legislative Analyst: After off-the-top expenses, Prop. 56 would allocate 82% of remaining revenues (equating to \$1 billion at the high end) to increasing reimbursement rates for healthcare providers that treat Medi-Cal patients. http://elections.cdn.sos.ca.gov//statewide-elections/2016-general/prop-56-leg-analysis.pdf • Prop. 56 does not require that the new Medi-Cal funding must be used to treat more patients. To the contrary, it says the funds shall be used to “increase funding for <i>existing</i> healthcare programs and services...by providing <i>improved payments</i>” to healthcare providers. Revenue & Taxation Code (RTC) 30130.55(a). • A previous version of the tax initiative would have stated the new Medi-Cal funding could be used only for “care provided by health facilities and health professionals licensed or certified by the State of CA.” But a new version was introduced on 10/7/15 allowing the funding to also be used for “health plans contracting with Dept. of Health Care Services” to provide Medi-Cal services (RTC 30130.55[a]). This would include companies like Anthem Blue Cross, CA Health & Wellness, Health Net, & Molina, etc. http://www.molinahealthcare.com/members/ca/en-US/mem/medicaid/Pages/medicaid.aspx https://mss.anthem.com/ca/pages/medi-cal.aspx https://www.cahealthwellness.com/members/medicaid.html https://www.healthnet.com/portal/shopping/shp/mediCal.action • Prop. 56 does not require healthcare providers to treat additional Medi-Cal patients. Prop. 56 even specifies: 82% of funds shall be used “for the <i>existing</i> healthcare programs and services described in” the Medi-Cal program “<i>by providing improved payments</i>” for Medi-Cal treatments.” RTC 30130.55(a) (emphasis added). http://www.oag.ca.gov/system/files/initiatives/pdfs/15-0081%20%28Tobacco%20Tax%20V3%29.pdf
<p>FEMALE VO</p> <p>And even worse, Prop 56 was purposefully written to undermine our Constitution’s minimum school funding guarantee, allowing special interests to divert at least six hundred million dollars a year away from our schools.</p> <p>Not one penny of the new taxes would go to improving</p>	<ul style="list-style-type: none"> • Prop. 56 would amend the Constitution to specify that the tax revenue generated by Prop. 56 should not be considered “General Fund revenues” or “state revenues.” (Prop. 56, § 6, Cal. Const., art. XVI, § 23.) Under current law, Prop. 98 allocates at least 43% of “General Fund revenues” and “state revenues” to K-14 education. (Cal. Const., art. XVI, § 8, http://www.leginfo.ca.gov/.const/.article_16.) • Prop. 56 does not contain the words “education” or “schools” or any other term that explains that it bypasses Prop. 98. It refers only to “Section 8 of Article XVI of the California Constitution and its implementing statutes.” See Prop. 56, § 6, Cal. Const., art XVI § 23. • Prop. 56 would amend the Constitution in two ways, both of which cheat

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<p>our kids' schools.</p>	<p>schools out of funding:</p> <ul style="list-style-type: none"> ○ <i>Bypassing Prop. 98</i>: The school funding guarantee of Prop. 98 is contained in Article XVI, Section 8, which allocates a minimum percentage of “General Fund revenues” and “state revenue” to education. (See http://www.leginfo.ca.gov/.const/.article_16.) But Prop. 56 amends the Constitution to state the revenue it generates “shall not be considered General Fund revenues for purposes of Section 8 of Article XVI of the California Constitution and its implementing statutes, and shall not be considered ‘General Fund revenues,’ ‘state revenues,’ or ‘General Fund proceeds of taxes,’ for purposes of Section 8(a) and (b) of Article XVI of the California Constitution and its implementing statutes.” (Prop. 56, § 6, Cal. Const., art. XVI, § 23.) This section of Prop. 56 is the only provision that amends the Constitution (i.e., Section 6. “Conformity with State Constitution”); all other effects of Prop. 56 are statutory amendments. See Prop. 56, § 6, Cal. Const., art XVI § 23. ○ <i>Bypassing the State Appropriations Limit</i>: Article XIII B, Section 2, as amended by Proposition 98, transfers 50% of any revenues received in excess of the appropriations limit to the State School Fund, to be allocated by the Controller for K-14 schools. (See http://www.leginfo.ca.gov/.const/.article_13B.) See also Prop. 56, § 6, Cal. Const., art XIII B, §14. But Prop. 56 amends the Constitution to provide that the revenue the tax would generate would not count toward the state appropriations limit—meaning that these revenues would not be subject to State School Fund transfers. This amendment is also in Section 6 of Prop. 56, the only section that amends the Constitution. <ul style="list-style-type: none"> • Prop. 98 would allocate at least 43% of the new tax revenue (equating to at least \$600 million at the high end) to schools, if not for a provision of Prop. 56 (section 6, Cal. Const., art. XVI, § 23) that bypasses Prop. 98. (See question 8 at http://www.dof.ca.gov/budget/CA_budget_information/budget_faq/index.html.)
<p>FEMALE VO</p> <p>Say NO to the wealthy special interests using the ballot box to increase their profits. Say NO to cheating our schools out of at least six hundred million dollars a year.</p> <p>Learn more about Prop 56 at No On 56 dot com. That's</p>	<ul style="list-style-type: none"> • Opinion

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