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## EXECUTIVE SUMMARY

\* The tobacco industry remains a powerful force in California politics through lobbying, campaign contributions, public relations, and litigation tactics.

\* The tobacco industry spent \$4.6 million on state level political activity in California during the 1999-2000 election cycle, including \$2,234,707 on campaign contributions and \$2,427,907 million on lobbying. This is an increased of about 6% (\$300,000) compared to the previous election cycle.

\* Tobacco industry campaign contributions to legislators and legislative candidates, state constitutional officers, political parties, and party controlled committees totaled \$1,470,611, a 173% increase compared to \$848,635 in 1997-1998, and about the same as the \$1,519,624 in 1995-1996, \$1,489,904 in 1993-1994.

\* The tobacco industry continues to favor Republicans over Democrats in making campaign contributions, although the gap is narrowing. In 1999-2000, 58% of campaign contributions went to Republican candidates and committees, down from 81% in 1997-1998.

\* The largest recipients of tobacco industry campaign contributions in 1999-2000 were Assembly member Scott Baugh (R-Huntington Beach) \$90,000; and Senator Ross Johnson (R-Irvine) \$83,000.

\* The tobacco industry continues to make more campaign contributions to members of the California Legislature than to members of Congress (\$10,376 per member of the California Legislature compared to \$4,486 per member of Congress). The top recipient of tobacco industry campaign contributions in Congress, Senator Conrad Burns (R-MT), received \$34,500, compared to the \$90,000 the top Californian recipient received.

\* Of the 120 members of the Legislature, 33 members accepted no campaign contributions from the tobacco industry (31 Democrats, 1 Republican, and 1 Independent); in 1997-1998, 28 members accepted no campaign contributions from the tobacco industry.

\* The tobacco industry spent \$2,592,907 on lobbying expenditures in the 1999-2000 legislative cycle, almost one million less than it spent in the 1997-1998 cycle.

\* Despite initial optimism that the Davis Administration would reverse the relentless efforts by Pete Wilson's Administration to undermine and weaken tobacco control efforts, the Davis Administration has opposed substantial increases in funding for tobacco control.

\* After political pressure from organized health groups, Davis did reverse the Wilson-era policy forbidding media attacks on the tobacco industry. However, Davis was slow to change the cumbersome approval process that Wilson put in place to stifle the program. This situation was aggravated by the sluggishness in appointing new staff members to his administration.

\* Two health groups – the American Heart Association and Americans for Nonsmokers' Rights – have challenged Governor Davis to reduce smoking prevalence in California to 10% in 5 years; they estimate that this action will prevent 50,000 heart disease deaths.

\* Starting in the second year of the Davis Administration, a media campaign by organized health groups focused on pressuring the Administration to begin spending tobacco settlement funds on tobacco control. In 2001, the Davis Administration announced that it would spend from tobacco settlement funds a modest amount of \$20 million on a youth anti-smoking program. This is well below the \$105 million (20% of the tobacco settlement) that health groups, the state Tobacco Education and Research Oversight Committee, and the federal CDC recommended.

\* The Davis Administration has maintained other aspects of the tobacco control program (such as local programs and competitive grants) at the reduced levels established during the Wilson Administration.

\* During the earlier 1990s, when the California Tobacco Control Program was large and aggressive, smoking was falling in California much more rapidly than in the rest of the United States. This reduction in smoking was credited with preventing 59,000 heart disease deaths from 1989 through 1997. During the later 1990s, after the program was cut back and toned down, this difference narrowed; this effect was associated with 15,000 more heart disease deaths than would have occurred had program effectiveness been maintained.

\* Since Proposition 10 raised the cigarette tax 50 cents in 1999, smoking has been falling faster in California than the rest of the country.

\* By February 2001, only thirteen of 62 California local governments that had received \$500 million in tobacco settlement funds had allocated any funds for tobacco control efforts. The combined spending of the thirteen counties that did spend funds on tobacco control was about \$16.8 million.

\* On August 21, 2000, a bill to pass fire-safe cigarette legislation was killed in the Assembly Committee on Governmental Organization, which has traditionally been recognized to be sympathetic to tobacco industry positions.

\* Proposition 37, which would have overturned the court decision of *Sinclair Paint vs. State Board of Equalization* that found that mitigation fees for polluting or contaminated products (such as the tobacco industry's products) was defeated in November 2000. Philip Morris was the top contributor to Yes on 37 campaign to overturn the *Sinclair* decision, contributing \$350,000; with the entire tobacco industry contributing \$668,000 out of the \$2,555,620 spent on the Yes on 37 campaign.

\* Master Settlement Agreement enforcement by California Attorney General Bill Lockyer's office resulted in an agreement in 1999 by the R. J. Reynolds Company to restrict the display of advertising and promotional items at booths at auto racing events. In 2000, United States Tobacco agreed not to distribute tobacco coupons in any free newspaper in any university in California. Also in 2000, R.J. Reynolds agreed to mail cigarette samples only to adults and only after they had given prior consent.

\* While some progress has been made on reversing the setbacks for tobacco control during the Wilson era, particularly because the voters have continued to support increased tobacco taxes, California has not regained the position of world leadership on tobacco control it held in the early 1990s. The program is stalled and adrift. As a result, thousands of people are dying and will die unnecessarily.

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## INTRODUCTION

From 1990-2000, the consumption of tobacco products in California declined faster in California than the rest of the United States (Figures 1 and 2), largely due to the state's anti-tobacco education program created when the voters passed Proposition 99 in 1988. Proposition 99 increased the tax on tobacco products and allocated 20% of the revenues to an anti-smoking education program. These declines in cigarette consumption are credited with substantial improvements in the public's health in California. The program was credited with preventing 59,000 deaths from heart disease between 1989 and 1997, after taking into account historical trends of declining heart disease death rates and other factors (like diet and improvements in cardiac care) that took place during that same time period. (1) In addition, the California Department of Health Services reported that age-adjusted lung cancer incidence rates fell faster in California than the rest of the country; between 1989 and 1997 and lung and bronchus cancer declined by 14% in California compared with versus 3% for the rest of the U.S. (excluding California) per 100,000 population. (2)

Unfortunately, these figures only tell part of the story. The program was scaled back and toned down by Republican Governor Pete Wilson in the mid-1990s, and these cutbacks were associated with a significant slowing of the declines in both smoking and health improvements. (1) The result was an estimated 15,000 more deaths from heart disease during the late 1990s than would have been predicted had the program maintained the same level of effectiveness it exhibited in the early years of the program.

Adult smoking prevalence has remained in the range of 17-18% since it stopped dropping in 1994 (Figure 3). Prevalence did appear to be dropping in Fiscal Year 1999/2000, when it reached 17%. Per capita consumption continued to drop in

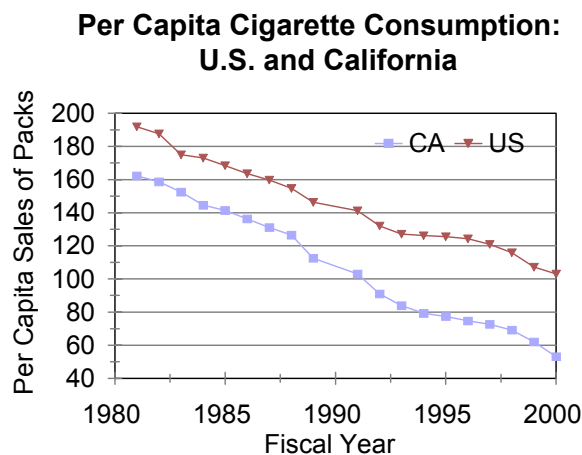


Figure 1. Per capita consumption of cigarettes in the U.S. and California. (Source: California Department of Health Services)

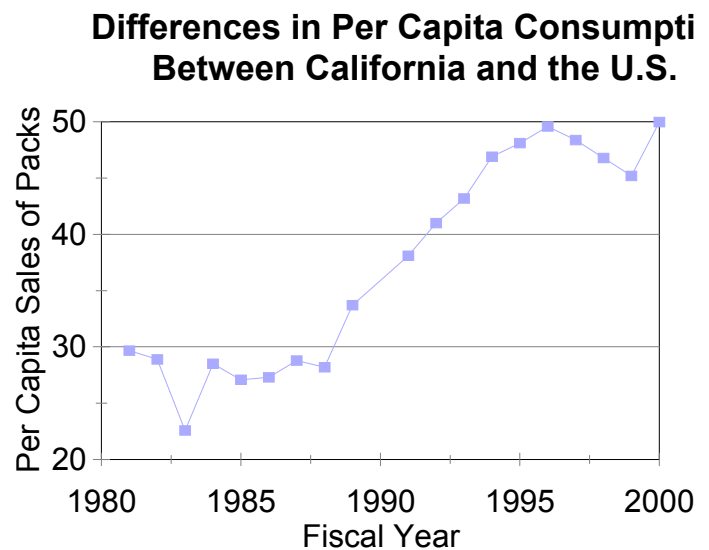


Figure 2. This graph shows the difference between the two lines in Figure 1. The difference in per capita cigarette consumption between California and the rest of the United States increased during the early years of the California Tobacco Control Program. This progress reversed in 1995, after the program was cut back and watered down. Between 1999 and 2000, the difference in consumption began to widen, probably due to the effects of the price increase associated with Proposition 10.

California (Figure 1) despite the stable prevalence, indicating that the number of light smokers in California was continuing to increase. The difference between per capita consumption in the US and California (Figure 2), which narrowed between fiscal year 1995/1996 and 1998/1999 appeared to start widening again in 1999/2000. This renewed progress was probably due to the price increases associated with passage of Proposition 10 in 1988 and the price increases due to the Master Settlement Agreement.

**Smoking Prevalence in Californ**

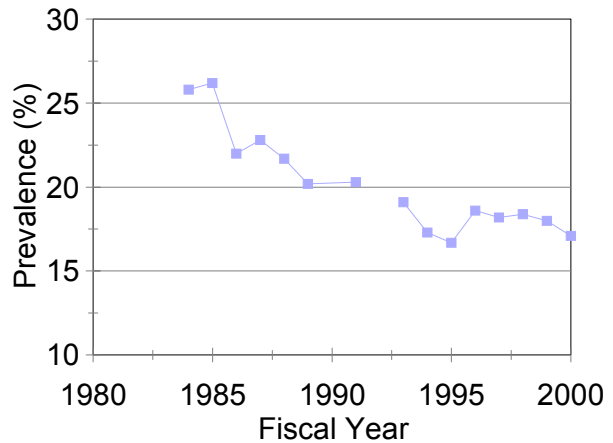


Figure 3. Adult smoking prevalence in California has remained around 17-18% since it stopped dropping in 1994.

Tobacco control advocates were optimistic when Democrat Gray Davis was elected governor in November 1998, because he had been a plaintiff in a lawsuit against the tobacco industry and campaigned for governor as the anti-tobacco candidate. To the dismay of tobacco control advocates, Davis has opposed substantial increases in funding for the tobacco control program preventing it from achieving the size, aggressiveness, and flexibility it enjoyed under Republican Governor George Deukmejian, when it archived major reductions in smoking and heart disease deaths. It was not until 2001 that the Davis Administration mounted a new integrated media campaign, which returned to the early and successful strategy of exposing the tobacco industry's tactics and supported modest increases in funding for the program.

After complaining by health advocates, Davis did reverse the Wilson-era policy that forbade attacks on the tobacco industry and promised a major new campaign shortly after taking office in 1999. Davis did not change the cumbersome approval process that Wilson had put in place to stifle the program. This situation was aggravated by his sluggishness to appoint new staff members to his administration. (3) The result was to continue stalling the California anti-tobacco media campaign. (4)

Davis also opposed measures allocating any of the approximately \$500 million a year that the state receives from the multi-state settlement with the tobacco industry to tobacco control. In September 1999, he vetoed AB100, a bill which created a fund for the tobacco settlement funds and mandated that the money be used for health care and health related purposes, including tobacco education, prevention, and cessation services. In his veto message, Davis reminded legislators that he was the first state official to file suit against the tobacco industry as a private attorney general and asserted that because the California suit against the tobacco industry was based on California's Unfair Competition Act and the state's false advertising law, the state was not obligated to use the funds generated by the settlement on health care coverage. (5, 6) Davis argued that the funds

generated by Proposition 99 and Proposition 10\* were enough to pay for tobacco education. (6)

Davis also lobbied successfully against bills in the subsequent two legislative sessions (SB 673 in 1999/2000 and SB 35 in 2000/2001) that would have allocated about \$100 million of the state's tobacco settlement revenues (20%) to tobacco control activities, although he did add \$20 million to his budget to support youth anti-smoking activities, the least controversial part of the state's Tobacco Control Program. Davis was also unwilling to release funds that the previous governor, Republican Pete Wilson, had refused to spend on tobacco control after the courts had blocked his efforts to divert these funds into paying for medical services (the so-called ANR II Restricted Reserve).

It was not until a sustained lobbying and newspaper advertising campaign was initiated in the second year of the Davis Administration by the Western States Affiliate of the American Heart Association (AHA), American Lung Association, American Cancer Society, American Association of Retired Persons and Americans for Nonsmokers' Rights (ANR) that the Davis Administration started to slowly revive the program. After the health advocates' campaign started, the Davis Administration responded by increasing funding by releasing money to the media campaign from the ANR II Restricted Reserve and started to use large sums of carryover money from the prior fiscal year. This action resulted in an increase in funding of the anti-smoking media campaign from \$17.9 million in fiscal year 1999 to \$45.3 million in each of fiscal years 2000 and 2001 (Table 17).

In January 2001 and again in his May revised 2001 budget,(8-10) Governor Davis finally proposed to spend some of the tobacco settlement money on tobacco control. Out of the approximately \$500 million the state receives annually, he proposed to increase funding for anti-tobacco efforts with \$15 million (and an additional one-time \$5 million start-up allocation for the first year) from the Tobacco Settlement fund for a youth anti-smoking program. (This amount is very modest compared to the \$105 million that the health advocates had been seeking based to implement the program developed by the state's Tobacco Education and Research Oversight Committee, TEROc.) (11)

Despite the new \$20 million youth anti-tobacco funding increase along with continued general funding for health education, enforcement, and cessation spending of \$50 million for 2000-2001, (Tables 1 and 2) the new budget continued to maintain large unexpended reserves in Proposition 99 (which totaled \$149 million for the 2000-2001 budget) (Table 3). As a result, expenditures for tobacco control health education, enforcement, and cessation efforts in California continued to be substantially below the California minimum recommended tobacco control

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\*Proposition 10, which passed in 1998, increased the tax on a package of cigarettes by 50 cents in order to fund an early childhood education program. While Proposition 10 had a substantial effect on cigarette consumption because it raised the price of a pack of cigarettes (1) and a small part of the revenues are spent on anti-smoking education directed at pregnant women and small children, Proposition 10 is *not* a tobacco control initiative. It is directed at improving early childhood education and related services. The tobacco-related effects are only incidental to its primary function.

<b>TABLE 1. California 2001-2002 Proposition 99 and Tobacco Settlement Fund Funding Compared To The California Tobacco Education Research and Oversight Committee (TEROC) Budget Recommendations (in thousands)</b>				
<b>Budget Category</b>	<b>01 to 02 Proposed Davis Administration's Budget Total</b>	<b>TEROC's Recommendation Based on Lowest CDC Best Practices Recommendation</b>	<b>TEROC's Recommendation Based on Highest CDC Best Practices Recommendation</b>	<b>Does the Combined Budget Meet the Minimal TEROC or CDC Budget Recommendation?</b>
<b>UC Research</b>	\$20,021	\$44,226	N/A	No
<b>California Department of Education (CDE) Local Assistance</b>	\$27,044	\$27,044	\$38,494	Yes
<b>Tobacco Settlement Account, Tobacco Control Section (TCS) and CDE Staff Support</b>	\$1,000 \$ 998 <u>\$1,733</u> \$3,731	\$7,179	\$19,235	No
<b>TCS Local Programs—includes LLAs, competitive grants, enforcement, statewide and cessation</b>	\$52,116	\$117,899	\$346,204	No
<b>TCS media</b>	\$45,264	\$32,269	\$96,805	Yes
<b>TCS Evaluation</b>	\$6,381	\$14,357	\$38,470	No
<b>Total</b>	\$155,555	\$211,403	\$565,492	No
<b>Sources:</b> California Tobacco Education and Research Oversight Committee and the Centers for Disease Control and Prevention, Office on Smoking and Health.(2, 11)				

expenditures of \$118 million by the Centers for Disease Control and Prevention and in the 2000 California Tobacco Education and Oversight Committee master plan (Table 1). (11)

Under an agreement with the state, the counties receive half the approximately \$1 billion annually that the tobacco industry pays California under the Master Settlement Agreement, about \$500 million. By February 2001, only thirteen of 62 California local governments had allocated any funds for tobacco control efforts with a combined spending of about \$16.8 million for health education, enforcement and cessation programs. Of the thirteen local governments, only three had expended greater than 20% of their Tobacco Settlement funding allocation for any type of tobacco control program (Table 4). (107)

Past experience with the California Tobacco Control Program (which led, in part, to the CDC

<b>TABLE 2. Actual and Proposed Proposition 99 and Proposition 10 Health Education Account Budgets For Fiscal Years 1997-1998 to 2001-2002 (in thousands)</b>					
	<b>1997-1998</b>	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002*</b>
<b>Carryover From Previous Fiscal Year</b>	\$111,769	\$73,376	\$34,688	\$59,487	\$30,524
<b>New Revenues (Proposition 99 and 10 Backfill and Interest Combined)</b>	\$102,251	\$81,776	\$85,020	\$88,824	\$85,169
<b>Expenditures</b>	\$140,642	\$120,584	\$64,334	\$115,993	\$114,536
<b>Reserve</b>	\$73,376	\$34,688	\$36,374	\$32,318	\$696
<b>End of Year Balance</b>	\$73,376	\$34,688	\$59,487	\$32,318	----
<b>* Proposed</b>					
<b>Sources: Governor's Budgets 1997-1998, 1998-1999, 1999-2000, and 2001-2002. (8, 10, 12-14)</b>					

<b>TABLE 3. Actual and Proposed Proposition 99 and Proposition 10 Budgets For Fiscal Years 1997-1998 to 2001-2002 (in thousands)</b>					
	<b>1997-1998</b>	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002*</b>
<b>Carryover From Previous Fiscal Year</b>	\$251,064	\$202,294	\$55,483	\$149,326	\$42,264
<b>New Revenues (Proposition 99 and 10 Backfill and Interest Combined)</b>	\$480,057	\$403,378	\$393,797	\$372,328	\$354,644
<b>Expenditures</b>	\$439,437	\$468,239	\$314,781	\$469,421	\$253,586
<b>Reserve</b>	\$202,294	\$55,483	\$52,233	\$42,264	\$1,911
<b>End of Year Balance</b>	\$202,294	\$55,483	\$149,326	\$42,265	----
<b>* Proposed</b>					
<b>Sources: Governor's Budgets 1997-1998, 1998-1999, 1999-2000, and 2001-2002. (8, 10, 12-14)</b>					

recommendations for the level at which effective tobacco control programs should be funded) demonstrates that effective programs need to be large enough to compete with the tobacco industry. Because of inflation and reductions in cigarette tax revenues, the California program is now much smaller than it was in its early years, when it demonstrated the highest level of effectiveness.

## **TOBACCO INDUSTRY CAMPAIGN CONTRIBUTIONS**

The tobacco industry remains a potent force in California politics. The industry spent \$4,662,613 on state level political activity in California during the 1999-2000 election cycle (Table 4). While this is significantly less than the amount spent in 1997-1998, the difference (about \$29 million) derives solely from the large amount of money the industry spent on fighting the Proposition 10 initiative (which increased the tax on cigarettes 50 cents per pack to raise funds for early childhood education) in the 1997-1998 cycle. Excluding Proposition 10, the industry spent \$4.3 million on political activity in that election cycle. Compared to this baseline, the industry increased its political spending in California by about \$300,000 or about 6%, compared to the previous election cycle.

Tobacco industry campaign contributions to legislators and legislative candidates, state constitutional officers, political parties, and party controlled committees totaled \$1,470,611, a 173% increase compared to \$848,635 in 1997-1998, and about the same as the \$1,519,624 in 1995-1996, \$1,489,904 in 1993-1994.

### **Tobacco Industry Expenditures**

We obtained data on tobacco industry statewide political expenditures from disclosure statements filed with the Political Reform Division of the California Secretary of State's Office. We included the following organizations as "tobacco industry" sources of funds: American Tobacco Company, California Distributors Association, Brown and Williamson Tobacco Corporation, Cigar Association of America, Lorillard Tobacco Company, Philip Morris, Inc., Philip Morris Management Co., Philip Morris USA, RJR Nabisco, Inc., Smokeless Tobacco Council, Tobacco Industry Labor and Management Committee, the Tobacco Institute, and US Tobacco. In addition to the companies mentioned above, Cigarettes Cheaper! was considered a tobacco industry contributor in its campaign for Proposition 28 in 2000.

Data in this report include contributions to legislators, legislative candidates, political parties, political party controlled committees, state constitutional officers and candidates, local candidates, and expenditures made for lobbying legislative or administrative officials. We collected campaign contribution data for candidates, political parties, and lobbying expenditures from January 1, 1999 to December 31, 2000.

In addition, tobacco industry contributions on statewide ballot initiatives were also collected from the Secretary of State's Office. The industry spent money supporting two initiatives in 2000: Proposition 28 and Proposition 37. Proposition 28 would have repealed Proposition 10, the California Children and Families First Initiative. By doing so, Proposition 28 would have eliminated the 50-cent tax on cigarettes (and commensurate tax on other tobacco products) to fund early childhood development programs in the state. Proposition 37, the Two-Thirds Vote Preservation Act of 2000, would redefine mitigation fees (fees imposed on an entity to compensate for any harm it has inflicted on society) as taxes, thereby making them state fees subject to a two-thirds vote of the Legislature and local fees subject to a 2/3 vote of the people. Both these pro-tobacco initiatives

**Table 4. SUMMARY OF TOBACCO INDUSTRY EXPENDITURES IN 1999-2000**

Company	Legislature	Political Party	Constitutional Officers	Local Activity	Initiatives	Lobbying	Other	Total
Brown & Williamson	\$58,500	\$64,000	\$0		\$58,820	\$519,332		\$700,652
Philip Morris	\$979,344	\$99,000	\$0		\$350,000	\$812,350		\$2,240,694
RJ Reynolds	\$137,052	\$32,500	\$0		\$220,250	\$407,395		\$797,197
Smokeless Tobacco Council	\$0	\$0	\$0		\$5,000	\$253,967		\$258,967
Cal. Distributors Assn	\$28,147	\$14,000	\$1,000		\$0	\$80,428		\$123,575
Tobacco Institute	\$0	\$0	\$0		\$0	\$0		\$0
US Tobacco	\$12,068	\$0	\$0		\$0	\$202,136		\$214,205
Lorillard	\$30,000	\$15,000	\$0		\$34,020	\$152,299		\$231,319
Others (Cigarettes Cheaper)					\$96,005			\$96,005

were defeated at the polls; Proposition 28 lost 27.8% to 72.2% and Proposition 37 lost 52.1% to 47.9%.

There are some limitations to the data. As we have done in earlier reports, we did not include contributions from non-tobacco subsidiaries of these companies, such as Philip Morris' Kraft Foods and Miller Beer, or personal contributions from employees and officers of the tobacco companies or their lobbyists. We also did not include contributions from non-tobacco sources collected at activities hosted by a tobacco company or donations solicited by a tobacco company from its contractors. Most of these monies are difficult, if not impossible, to trace.

### **Tobacco Policy Scores**

We sought to relate campaign contributions to legislative behavior. To do so, we estimated a "tobacco policy score" for each member of the 1997-1998 Legislature (Appendix A). The score is obtained from polling four individuals knowledgeable about the Legislature and tobacco policy. Each legislator is evaluated on a scale of 0 to 10. A score of 0 represented an extremely pro-tobacco industry legislator and a score of 10 represented an extremely pro-tobacco control legislator. The average for each legislator is reported. Legislators with scores from 0.0 to 3.9 are considered pro-tobacco industry, scores from 4.0 to 6.0 are considered neutral, and scores from 6.1 to 10.0 are considered pro-tobacco control.

Senator Tom Hayden (D-Los Angeles) and Assembly Member Wally Knox (D- Los Angeles) had the highest tobacco policy scores in their chambers, 9.7 and 9.3. Senator William "Pete" Knight (R-Palmdale) and Assembly Member Brett Granlund (R-Yucaipa) had the lowest scores for their chambers, 0.3 and 0.0 respectively.

The tobacco policy scores did not significantly differ between Assembly Members and Senators (Assembly: mean 4.9, standard deviation 2.3, n=79; Senate: mean 5.5, standard deviation 2.7, n=40; p=.245). Republicans had significantly lower tobacco policy scores (more pro-tobacco industry) than Democrats (Republicans: mean 2.8, standard deviation 1.5, n=47; Democrats: mean 6.6, standard deviation 1.7, n=71; p<.001).

## Legislative Officeholders and Candidates

During the 1999-2000 electoral cycle, tobacco industry contributions directed to 88 legislative office holders and candidates totaled \$1,245,111 (Table 4). The tobacco industry contributions given directly to individuals during the 1999-2000 session was approximate twice the amount given during the 1997-1998 cycle (\$614,145). This is likely due to Proposition 208, an initiative that went into effect in January 1997. Proposition 208 limited donations to legislative and constitutional candidates, and capped the total amount an individual, political action committee (PAC), corporation, or union could contribute to candidates. The initiative was challenged on the grounds that caps on spending and contributions were unconstitutional, and in 1998, the US District Court and Ninth Circuit Court of Appeals enjoined the proposition. The contribution and spending limits were removed on January 1998. This short-lived limitation of campaign contributions during the 1997-1998 session explains why the amount of money contributed by the industry to candidates in 1999-2000 is more comparable to the amount spent in the 1995-1996 cycle than the amount spent in the 1997-1998 cycle.

Table 5 presents the top 20 legislative recipients of tobacco industry campaign contributions during the 1999-2000 election cycle. Senate Minority Leader Ross Johnson (R-Irvine) and Assembly Minority Floor Leader Scott Baugh (R-Huntington Beach) were the top recipients in their respective chambers, receiving \$83,000 and \$90,000, respectively. The average tobacco policy score among the top 20 recipients was 3.3 (standard deviation, 1.7), indicating a pro-tobacco industry behavior. This average was significantly lower than the average tobacco policy score of the remaining legislators (mean, 5.4, standard deviation, 2.4,  $p < .001$ ).

Name of Candidate	A/S	Party	Dist	1976-1996	1997-1998	1999-2000	Grand Total	Tobacco Policy Score
Baugh, Scott	A	R	67	\$2,000	\$59,000	\$90,000	\$151,000	1.3
Johnson, Ross	S	R	35	\$84,250	\$111,500	\$83,000	\$278,750	1.7
Machado, Mike	A	D	17	\$5,750	\$27,500	\$80,344	\$113,594	5.0
Brulte, James	S	R	31	\$69,625	\$3,495	\$75,500	\$148,620	2.8
Cardoza, Dennis	A	D	26	\$12,750	\$1,250	\$73,500	\$87,500	6.3
Vincent, Edward	A	D	51	\$1,000	\$6,000	\$38,000	\$45,000	1.7
Ackerman, Dick	A	R	72	\$1,000	\$24,000	\$33,955	\$58,955	1.5
Campbell, Bill	A	R	71	\$1,000	\$1,500	\$32,750	\$35,250	3.0
Oller, Rico	A	R	4	\$2,000	\$1,000	\$29,500	\$32,500	0.7
Papan, Lou	A	D	19	\$34,000	\$33,000	\$25,750	\$92,750	2.3
Migden, Carole	A	D	13	\$0	\$0	\$25,000	\$25,000	6.5
Dickerson, Dick	A	R	2	\$0	\$0	\$22,500	\$22,500	3.0
Morrow, Bill	S	R	38	\$22,250	\$5,500	\$22,000	\$49,750	2.0
Costa, Jim	S	D	16	\$49,750	\$7,000	\$21,000	\$77,750	4.5
Peace, Steve	S	D	40	\$35,000	\$6,000	\$21,000	\$62,000	4.3
Wright, Roderick	A	D	48	\$37,250	\$31,500	\$20,750	\$89,500	4.0
Battin, Jim	A	R	80	\$4,000	\$2,000	\$20,500	\$26,500	2.3
Soto, Nell	A	D	61	\$0	\$0	\$19,750	\$19,750	5.5
Polanco, Richard	S	D	22	\$54,400	\$7,000	\$19,500	\$80,900	4.3
Pescetti, Anthony	A	R	10	\$0	\$0	\$18,250	\$18,250	3.7



Table 6 presents the 33 members of the 1999-2000 Legislature who have never accepted tobacco industry contributions. Almost all non-recipients were Democrats. The one Republican non-recipient was Assembly Member Peter Frusetta (R-Tres Pinos) and the one Independent non-recipient was Assembly Member Audrey Bock (I-Oakland). Twenty-eight members of the 1997-1998 Legislature had never accepted tobacco industry contributions, and in the 1995-1996 legislature, only 14 members were non-recipients.

Of the tobacco industry contributions made directly to legislative officeholders and candidates during the 1999-2000 election cycle, 36 Democrats received \$530,587 and 50 Republicans received \$714,523. Forty-six percent of Democratic legislators received tobacco industry campaign contributions, compared to 88% of Republican legislators. In the last decade, the tobacco industry has increasingly demonstrated a preference to contribute to Republican candidates. During the 1991-1992 election cycle, 36 percent of contributions to legislative officeholders and candidates went to Republicans (\$328,362 for Republicans and \$592,737 for Democrats). In the 1993-1994 election cycle, the Republican percentage increased to 48 percent (\$346,950 for Republicans and \$372,592 for Democrats). In the 1995-1996 cycle, Republicans received the majority of tobacco industry campaign contributions going to legislators and candidates (52 percent: \$651,249 for Republicans, \$601,555 for Democrats). This trend continued in 1997-1998 (77 percent: \$475,195 for Republicans and \$139,950) and to a lesser degree in 1999-2000 with 57% of contributions to legislative officeholders and candidates going to Republicans

**Political Parties**

During the 1999-2000 election cycle, the tobacco industry contributed \$224,500 to political parties and party-controlled committees,

<b>Table 6. LEGISLATORS WHO HAVE NEVER RECEIVED TOBACCO INDUSTRY CONTRIBUTIONS</b>					
<b>Name of Candidate</b>	<b>A/S</b>	<b>Party</b>	<b>Dist</b>	<b>Year Elected</b>	<b>Tobacco Policy Scores</b>
Alquist, Elaine White	A	D	22	1996	7.7
Aroner, Dion	A	D	14	1996	8.3
Bock, Audrey	A	I	16	1999	6.5
Cedillo, Gil	A	D	46	1998	5.8
Chesbro, Wesley	S	D	2	1998	8.0
Corbett, Ellen	A	D	18	1998	7.0
Davis, Susan	A	D	76	1994	8.0
Dutra, John	A	D	20	1998	5.5
Frusetta, Peter	A	R	28	1994	2.0
Hayden, Tom	S	D	23	1982	9.7
Honda, Mike	A	D	23	1996	7.0
Jackson, Hannah-Beth	A	D	35	1998	7.5
Karnette, Betty	S	D	27	1992	6.7
Keeley, Fred	A	D	27	1996	6.5
Knox, Wally	A	D	42	1994	9.3
Kuehl, Sheila	A	D	41	1994	8.0
Lempert, Ted	A	D	21	1998	6.7
Lowenthal, Alan	A	D	54	1998	6.5
Mazzoni, Kerry	A	D	6	1994	7.0
Nakano, George	A	D	53	1998	5.5
Ortiz, Deborah	S	D	6	1996	7.5
Perata, Don	S	D	9	1996	6.5
Romero, Gloria	A	D	49	1998	5.0
Schiff, Adam	S	D	21	1996	9.0
Scott, Jack	A	D	44	1996	7.0
Shelley, Kevin	A	D	12	1996	7.0
Sher, Byron D.	S	D	11	1980	8.8
Speier, Jackie	S	D	8	1986	8.5
Steinberg, Darrell	A	D	9	1998	8.5
Strom-Martin, Virginia	A	D	1	1996	8.0
Torlakson, Tom	A	D	11	1996	8.8
Wayne, Howard	A	D	78	1996	7.3
Wildman, Scott	A	D	43	1996	5.0

approximately the same amount spent in 1997-1998 (\$225,990).

The majority of tobacco industry political party contributions went to the Republican Party (\$142,500 or 63%); in the previous election cycle, 93% (\$209,475) went to Republicans. The committees receiving the greatest amounts were the Democratic Business PAC (\$52,000), the Assembly Republican PAC (\$56,000), and the Senate Republican Leadership Fund (\$50,000). The Golden State Republican Fund received \$19,000, the Hispanic Republican Caucus received \$12,000, and the California Republican Party received \$5,000. The Assembly Democratic Leadership Fund received \$23,000, and the Senate Democratic Leadership Fund received \$7,000 (Table 7).

<b>Parties/ Committees</b>	<b>Party</b>	<b>1976-1998</b>	<b>1999-2000</b>	<b>Grand Total</b>
Assembly Democratic Leadership 2000	D	\$0	\$23,000	\$23,000
Democratic Business PAC	D	\$0	\$52,000	\$52,000
Senate Democratic Leadership Fund	D	\$0	\$7,000	\$7,000
Assembly Democrat Victory Fund	D	\$91,500	\$0	\$91,500
Assembly Republican PAC (ARPAC)	R	\$33,250	\$56,500	\$89,750
Golden State Republican Fund	R	\$0	\$19,000	\$19,000
Hispanic Republican Caucus	R	\$0	\$12,000	\$12,000
Senate Republican Leadership	R	\$0	\$50,000	\$50,000
CA Republican Party	R	\$325,390	\$5,000	\$330,390
<b>TOTAL</b>			<b>\$224,500</b>	<b>\$674,640</b>

The California Democratic Party did not receive any tobacco industry funds during the 1999-2000 cycle. (The California Democratic Party also did not receive funds from the tobacco industry during both the 1997-1998 and 1995-1996 legislative cycles.)

The tobacco industry has preferentially contributed to the Republican Party and Republican party-controlled committees since the 1995-1996 election cycle. In the 1991-1992 cycle, the Republican Party received 48 percent of contributions intended for political parties or party-controlled committees (\$167,188 to Republicans and \$182,000 to Democrats). In the 1993-1994 election cycle, this percentage decreased substantially to 26 percent (\$30,500 to Republicans and \$87,300 to Democrats). In the 1995-1996 election cycle the Republicans received the majority of the party contributions, receiving 82% (\$165,727 to Republicans and \$37,500 to Democrats). This trend continued in both the 1997-1998 and 1999-2000 cycles; the Republicans received 93 percent of political party contributions in 1997-1998 (\$209,475 to Republicans, \$16,515 to Democrats) and 63% in 1999-2000 (\$142,500 to Republicans, \$82,000 to Democrats).

The tobacco industry continued to favor Republicans (individuals plus party) in the 1999-2000 election cycle, although the pattern of giving shifted back towards supporting both parties (Figure 4). During the 1991-1992 election cycle, 41 percent of tobacco industry contributions to

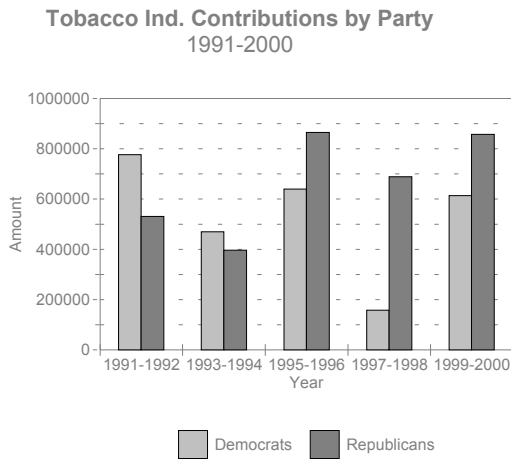


Figure 4. While the tobacco industry still favors Republicans, it is supporting California Democrats more than in recent election cycles.

legislators, legislative candidates, constitutional officers, political parties and party-controlled committees went to Republicans (\$531,050 for Republicans and \$776,737 for Democrats). In the 1993-1994 session, contributions to Republicans increased to 46 percent (\$396,850 for Republicans and \$470,391 for Democrats). In the 1995-1996 election cycle, the Republicans received 57 percent of tobacco industry contributions (\$864,476 for Republicans, \$639,055 to Democrats). For 1997-1998, Republicans received the majority of contributions (81% or \$689,170 to Republicans, \$159,465 to Democrats). In the 1999-2000 session, tobacco industry contributions to legislators, legislative candidates, constitutional

officers, political parties and party-controlled committees totaled \$1,470,611. Of this total, 58% (\$857,023) was contributed to the Republicans. Democratic legislators, legislative candidates, constitutional officeholders, party and party-controlled committees received \$613,587.

This shift back towards supporting both parties – while still favoring Republicans, albeit by a smaller margin – may reflect the fact that the Legislature has become more heavily Democratic and the tobacco industry tends to support incumbents.

### The California Legislature Versus the United States Congress

As in the past, the tobacco industry is contributing money to members of the California Legislature to a greater extent than it is to the United States Congress. This reflects the high priority the tobacco industry gives to influencing tobacco control policymaking in California. On a per member basis, California legislators received more money from the tobacco industry than members of Congress in 1999-2000. The tobacco industry contributed \$10,376 per member in the State of California. In comparison, the tobacco industry contributed \$4,486 per member of Congress.

The top two recipients of campaign contributions in each house of the 1999-2000 California Legislature received more than the top two recipients from each house in Congress for the same cycle. Senator Ross Johnson (R-Irvine), the top recipient in the California Senate, received \$83,000. In comparison, the top recipient in the U.S. Senate -- Senator Conrad Burns (R-MT) -- received \$34,500 in tobacco industry campaign contributions. California Assembly Minority Floor Leader Scott Baugh (R-Huntington Beach) received \$90,000 in the 1999-2000 cycle, whereas the top recipient in the U.S. House of Representatives -- Walter B. Jones (R-NC) -- received \$43,750 in the same period.

As reflected in California, a significant percentage of tobacco industry contributions on the federal level went to Republicans. In the 1999-2000 election cycle, Republicans received 83 percent

of all tobacco industry contributions to federal legislative candidates and committees (\$6.3 million).

In terms of tobacco industry contributions to political parties (“soft money”), the tobacco industry contributed \$5.2 million to the federal Democratic and Republican Parties in the 1999-2000 election cycle. Philip Morris was the largest single donor to federal candidates and national party committees during this election cycle, contributing \$10.3 million. Eighty-seven percent (\$2,016,275) of Philip Morris’ contributions to political parties went to the Republican party.

### Legislative Leaders

The Democrats controlled both houses of the California Legislature during the 1999-2000 session. Several legislative leaders were among the top 20 recipients of tobacco industry contributions during the 1999-2000 session (Table 8). In the Assembly, Minority Floor Leader Scott Baugh (R-Huntington Beach) received more tobacco industry campaign contributions than any other legislator in the 1999-2000 legislative session (\$90,000, with a grand total of \$151,000). Baugh and Assistant Speaker Helen Thomson (D-Davis) were the only leaders in the Assembly to receive industry contributions in the 1999-2000 cycle. Baugh received a tobacco policy score of 1.3, while Thomson received a score of 7.7. Assembly Speaker Pro Tempore Fred Keeley (D-Boulder Creek) and Assembly Majority Floor Leader Kevin Shelley (D-San Francisco) have never accepted tobacco industry money.

In the Senate, Minority Leader Ross Johnson (R-Irvine) received \$83,000 in tobacco industry contributions, the second highest amount for all legislators in the 1999-2000 session. Senate Majority Leader Richard Polanco (D-Los Angeles) received \$19,500. Johnson received a tobacco policy score of 1.7; Polanco received a 4.3.

Senate President Pro Tem John Burton (D-San Francisco) received \$4,000 in contributions during the 1999-2000 session. Burton has a tobacco policy score of 9.0 and is considered extremely

	Legislator	Party	1976-1998	1999-2000	Grand Total	Tobacco Policy Score
<b>Senate Leaders</b>						
President pro Tempore	Burton, John	D	\$6,150	\$4,000	\$10,150	9.0
Majority Leader	Polanco, Richard	D	\$54,400	\$19,500	\$73,900	4.3
Majority Whip	Alarcon, Richard	D	\$500	\$0	\$500	8.0
Minority Leader	Johnson, Ross	R	\$195,750	\$83,000	\$278,750	1.7
Subtotal			\$256,800	\$106,500	\$363,300	
<b>Assembly Leaders</b>						
Speaker	Villaraigosa, Antonio	D	\$35,000	\$0	\$35,000	6.3
Speaker pro Tempore	Keeley, Fred	D	\$0	\$0	\$0	6.5
Assistant Speaker	Thomson, Helen	D	\$0	\$5,000	\$5,000	7.7
Majority Floor Leader	Shelley, Kevin	D	\$0	\$0	\$0	7.0
Minority Floor Leader	Baugh, Scott	R	\$61,000	\$90,000	\$151,000	1.3
Subtotal			\$96,000	\$95,000	\$191,000	
Total			\$352,800	\$201,500	\$554,300	

pro-tobacco control. Senate Majority whip Richard Alarcon (D-Sylmar) did not receive any tobacco contributions during the 1999-2000 session. Table 8 summarizes the tobacco industry contributions given to the legislative leaders.

### Legislative Committees

Several committees in the California Legislature typically consider legislation related to tobacco policy, particularly the Assembly and Senate Health Committees and the Assembly and Senate Budget Committees. These committees have considered legislation regarding revisions to AB 13, California’s Smoke Free Workplace Law, and issues of divestment, tobacco industry advertising, tobacco industry penalties, tobacco tax increases, and disbursement of the Master Settlement Agreement funds.

*Assembly Health Committee* (Table 9). Nine of the fourteen members of the Assembly Health Committee received tobacco industry contributions in 1999 and 2000. The top recipient was Assembly Member Edward Vincent (D-Inglewood) , who received \$38,000 during this election cycle (tobacco policy score, 1.7). Chair of the Health Committee Martin Gallegos (D-Baldwin Park) received \$2,000 (tobacco policy score, 6.0 ) and Vice Chair Patricia Bates (R-Laguna Niguel) received \$9,250 (tobacco policy score, 6.3).

Legislator	Party	1997-1998	1999-2000	Grand Total	Tobacco Policy Score
Aanestad, Sam	R	\$0	\$500	\$500	3.0
Bates, Patricia	R	\$0	\$9,250	\$9,250	6.3
Corbett, Ellen	D	\$0	\$0	\$0	7.0
Cox, Dave	R	\$0	\$16,750	\$16,750	2.3
Firebaugh, Marco Antonio	D	\$1,100	\$15,500	\$16,600	6.7
Gallegos, Martin	D	\$4,550	\$2,000	\$6,550	6.0
Kuehl, Sheila	D	\$0	\$0	\$0	8.0
Runner, George	R	\$2,250	\$11,500	\$13,750	4.5
Thomson, Helen	D	\$0	\$5,000	\$5,000	7.7
Vincent, Edward	D	\$7,000	\$38,000	\$45,000	1.7
Wayne, Howard	D	\$0	\$0	\$0	7.3
Wesson, Herb	D	\$0	\$16,692	\$16,692	7.0
Wildman, Scott	D	\$0	\$0	\$0	5.0
Zettel, Charlene	R	\$0	\$0	\$0	4.0
<b>TOTAL</b>		<b>\$14,900</b>	<b>\$115,192</b>	<b>\$130,092</b>	

*Senate Health and Human Services Committee* (Table 10). Four of the nine members of the Senate Health and Human Services Committee received tobacco industry campaign contributions in 1999-2000. All Republican members of this committee received tobacco money. Committee Chair Martha Escutia (D-Montebello), who authored SB673 in the 1999/2000 session and SB 35 in the 2000/2001 session, which would have used Master Settlement Funds to provide health insurance to the uninsured, received no tobacco money during this legislative cycle (tobacco policy score, 8.3). Vice Chair Ray Haynes (R-Riverside) received \$11,000 (tobacco policy score, 1.8). Senator Bill Morrow (R-Oceanside) received the greatest amount from the tobacco industry: \$22,000 (tobacco

policy score, 2.0). Senator Richard Polanco (D-Los Angeles), who also serves as the Senate Majority Leader, received \$19,500 during the 1999-2000 session (tobacco policy score 4.3).

<b>Legislator</b>	<b>Party</b>	<b>1967-1998</b>	<b>1999-2000</b>	<b>Grand Total</b>	<b>Tobacco Policy Score</b>
Escutia, Martha M.	D	\$500	\$0	\$500	8.3
Figueroa, Liz	D	\$500	\$0	\$500	7.3
Haynes, Ray	R	\$19,250	\$11,000	\$30,250	1.8
Hughes, Teresa P.	D	\$7,750	\$0	\$7,750	7.5
Morrow, Bill	R	\$27,750	\$22,000	\$49,750	2.0
Mountjoy, Richard	R	\$19,750	\$1,500	\$21,250	0.7
Polanco, Richard	D	\$61,400	\$19,500	\$80,900	4.3
Solis, Hilda	D	\$500	\$0	\$500	8.0
Vasconcellos, John	D	\$20,000	\$0	\$20,000	7.0
<b>TOTAL</b>		<b>\$157,400</b>	<b>\$54,000</b>	<b>\$211,400</b>	

*Assembly Budget Committee* (Table 11). Of the twenty-seven members of the Assembly Budget Committee, nineteen received tobacco industry contributions during the 1999-2000 legislative cycle. All Republicans on this committee received tobacco money. Budget Committee Chair Denise Moreno Ducheny (D-San Diego) received \$6,500 from the tobacco industry in 1999 and 2000; Vice Chair George Runner (R-Lancaster) received \$11,500. Ducheny received a tobacco policy score of 5.3 and Runner received a score of 4.5. The Committee member receiving the greatest amount from the tobacco industry was Assembly Member Lou Papan (D-Millbrae), who received \$25,750 in 1999-2000 (grand total, \$92,750), followed closely by Dick Dickerson (R-Redding) at \$22,500 and Roderick Wright (D-So. Ctrl Los Angeles) at \$20,750. Papan received a tobacco policy score of 2.3, Dickerson received a 3.0 and Wright received a 4.0. Papan had also been the top recipient in the Assembly Budget Committee in 1997-1998, collecting \$33,000 for that cycle.

*Senate Budget and Fiscal Review Committee* (Table 12). Six of the fourteen members of the Senate Budget and Fiscal Review Committee received tobacco industry contributions in the 1999-2000 legislative cycle. The top recipient in this committee, James Brulte (R-Cucamonga), was also fourth from top recipient for the entire legislature. Brulte was Vice Chair for the Budget and Fiscal Review Committee, and was given a tobacco policy score of 2.8. The second highest amount of industry contributions for this committee in 1999-2000 went to Senator Steve Peace (D-El Cajon), the Committee Chair. Peace received \$21,000 in 1999-2000 (\$62,000 lifetime total) and has a tobacco policy score of 4.3. Peace opposed using tobacco settlement money for tobacco control.

*Assembly Appropriations Committee* (Table 13). Twelve out of the twenty members of the Assembly Appropriations Committee received tobacco industry contributions. The highest amount went to Assembly Member Dick Ackerman (R-Fullerton), who received \$33,955. Vice Chair Bill Campbell (R-Villa Park) received the second highest amount, \$32,750. Ackerman received a tobacco policy score of 1.5 and Campbell received a score of 3.0. Chair of the Committee Carole Migden (D-San Francisco) received \$25,000 from Philip Morris, although previous to this legislative

cycle, she never accepted tobacco industry contributions and was perceived as pro-tobacco control (6.5).

*Senate Appropriations Committee* (Table 14). Seven of the thirteen members of the Senate Appropriations Committee received tobacco industry contributions for the 1999-2000 legislative cycle. All Republicans on this committee accepted tobacco money. The top recipient was Senate Minority Leader Ross Johnson (R-Irvine), who received \$83,000 during this cycle. He was second only to Assembly Minority Floor Leader Scott Baugh (R-Huntington Beach) for receiving the highest amount of tobacco contributions in the legislature, and has collected more tobacco money throughout his career as a California State legislator (\$278,750) as any other member of the 1999-2000 legislature. Johnson received a tobacco policy score of 1.7 and Baugh received a score of 1.3. Committee Chair Patrick Johnston (D-Stockton) did not accept any tobacco industry contributions during this cycle. Vice Chair Tim Leslie (R-Tahoe City) received \$7,500.

<b>Legislator</b>	<b>Party</b>	<b>1976-1998</b>	<b>1999-2000</b>	<b>Grand Total</b>	<b>Tobacco Policy Score</b>
Aanestad, Sam	R	\$0	\$500	\$500	3.0
Aroner, Dion	D	\$0	\$0	\$0	8.3
Bates, Patricia	R	\$0	\$9,250	\$9,250	6.3
Cardenas, Tony	D	\$1,000	\$7,000	\$8,000	6.0
Cedillo, Gil	D	\$0	\$0	\$0	5.8
Correa, Lou	D	\$0	\$5,000	\$5,000	6.0
Cox, Dave	R	\$0	\$16,750	\$16,750	2.3
Dickerson, Dick	R	\$0	\$22,500	\$22,500	3.0
Ducheny, Denise Moreno	D	\$7,120	\$6,500	\$13,620	5.3
Firebaugh, Marco Antonio	D	\$1,100	\$15,500	\$16,600	6.7
Florez, Dean	D	\$0	\$750	\$750	6.0
Gallegos, Martin	D	\$4,450	\$2,000	\$6,550	6.0
Keeley, Fred	D	\$0	\$0	\$0	6.5
Leonard, Bill	R	\$103,250	\$9,000	\$112,250	1.7
Maldonado, Abel	R	\$0	\$2,250	\$2,250	5.5
Na kano, George	D	\$0	\$0	\$0	5.5
Pacheco, Robert "Bob"	R	\$0	\$12,500	\$12,500	4.0
Pacheco, Rod	R	\$3,000	\$7,000	\$10,000	4.7
Papan, Lou	D	\$67,000	\$25,750	\$92,750	2.3
Reyes, Sarah	D	\$0	\$10,000	\$10,000	7.3
Runner, George	R	\$2,250	\$11,500	\$13,750	4.5
Scott, Jack	D	\$0	\$0	\$0	7.0
Strickland, Tony	R	\$0	\$14,500	\$14,500	1.0
Strom-Martin, Virginia	D	\$0	\$0	\$0	8.0
Torlakson, Tom	D	\$0	\$0	\$0	8.8
Wildman, Scott	D	\$0	\$0	\$0	5.0
Wright, Roderick D.	D	\$68,750	\$20,750	\$89,500	4.0
<b>TOTAL</b>		<b>\$258,020</b>	<b>\$199,000</b>	<b>\$457,020</b>	

Legislator	Party	1976-1998	1999-2000	Grand Total	Tobacco Policy Score
Brulte, James	R	\$73,120	\$75,500	\$148,620	2.8
Chesbro, Wesley	D	\$0	\$0	\$0	8.0
Dunn, Joseph	D	\$0	\$8,000	\$8,000	7.8
Hayden, Tom	D	\$0	\$0	\$0	9.7
Haynes, Ray	R	\$19,250	\$11,000	\$30,250	1.8
Ortiz, Deborah	D	\$0	\$0	\$0	7.5
O'Connell, Jack	D	\$22,500	\$0	\$22,500	7.0
Peace, Steve	D	\$41,000	\$21,000	\$62,000	4.3
Polanco, Richard	D	\$61,400	\$19,500	\$80,900	4.3
Poochigian, Charles	R	\$0	\$7,000	\$14,500	2.8
Schiff, Adam	D	\$0	\$0	\$0	9.0
Sher, Byron D.	D	\$0	\$0	\$0	8.8
Solis, Hilda	D	\$500	\$0	\$500	8.0
Wright, Cathie	R	\$40,750	\$0	\$40,750	3.7
<b>TOTAL</b>		<b>\$366,020</b>	<b>\$142,000</b>	<b>\$408,020</b>	

Legislator	Party	1967-1998	1999-2000	Grand Total	Tobacco Policy Score
Ackerman, Dick	R	\$25,000	\$33,955	\$58,955	1.5
Ashburn, Roy	R	\$41,500	\$12,250	\$53,750	2.0
Brewer, Marilyn	R	\$55,826	\$6,500	\$62,326	2.0
Campbell, Bill	R	\$2,500	\$32,750	\$35,250	3.0
Cedillo, Gil	D	\$0	\$0	\$0	5.8
Davis, Susan	D	\$0	\$0	\$0	8.0
Hertzberg, Robert M.	D	\$0	\$3,000	\$3,000	6.7
Kuehl, Sheila	D	\$0	\$0	\$0	8.0
Maldonado, Abel	R	\$0	\$2,250	\$2,250	5.5
Migden, Carole	D	\$0	\$25,000	\$25,000	6.5
Papan, Lou	D	\$67,000	\$25,750	\$92,750	2.3
Romero, Gloria	D	\$0	\$0	\$0	5.0
Runner, George	R	\$2,250	\$11,500	\$13,750	4.5
Shelley, Kevin	D	\$0	\$0	\$0	7.0
Steinberg, Darrell	D	\$0	\$0	\$0	8.5
Thomson, Helen	D	\$0	\$5,000	\$5,000	7.7
Wesson, Herb	D	\$0	\$16,692	\$16,692	7.0
Wiggins, Patricia	D	\$0	\$2,500	\$2,500	5.3
Wright, Roderick D.	D	\$68,750	\$20,750	\$89,500	4.0
Zettel, Charlene	R	\$0	\$0	\$0	4.0
<b>TOTAL</b>		<b>\$263,826</b>	<b>\$197,897</b>	<b>\$460,723</b>	

## **Constitutional Officers**

Attorney General Bill Lockyer was the only constitutional officer to receive tobacco industry campaign contributions during the 1999-2000 cycle. The Cigar Association contributed \$1,000 to his campaign. (Table 15)



<b>Legislator</b>	<b>Party</b>	<b>1967-1998</b>	<b>1999-2000</b>	<b>Grand Total</b>	<b>Tobacco Policy Score</b>
Alpert, Deirdre	D	\$7,500	\$12,750	\$20,250	7.5
Bowen, Debra	D	\$1,000	\$0	\$1,000	7.7
Burton, John	D	\$7,150	\$4,000	\$11,150	9.0
Escutia, Martha M.	D	\$500	\$0	\$500	8.3
Johnson, Ross	R	\$195,750	\$83,000	\$278,750	1.7
Johnston, Patrick	D	\$16,500	\$0	\$16,500	4.8
Karnette, Betty	D	\$0	\$0	\$0	6.7
Kelley, David G.	R	\$17,250	\$7,750	\$25,000	4.0
Leslie, Tim	R	\$43,000	\$7,500	\$50,500	2.0
McPherson, Bruce	R	\$0	\$6,000	\$6,000	6.3
Mountjoy, Richard	R	\$19,750	\$1,500	\$21,250	0.7
Perata, Don	D	\$0	\$0	\$0	6.5
Vasconcellos, John	D	\$20,000	\$0	\$20,000	7.0
<b>TOTAL</b>		<b>\$328,400</b>	<b>\$122,500</b>	<b>\$450,900</b>	

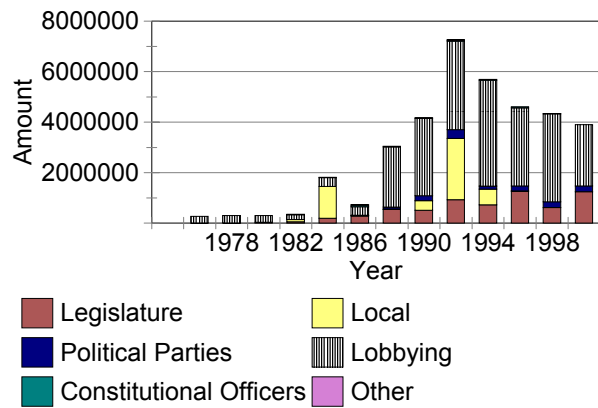
<b>Name of Officeholder</b>	<b>Party</b>	<b>Statewide Office</b>	<b>1967-1998</b>	<b>1999-2000</b>	<b>Grand Total</b>
Andal, Dean	R	Board of Equalization	\$0	\$0	\$0
Angelides, Philip	D	Treasurer	\$0	\$0	\$0
Bustamante, Cruz	D	Lt. Governor	\$72,750	\$0	\$72,750
Chiang, John	D	Board of Equalization	\$0	\$0	\$0
Connell, Kathleen	D	Controller	\$0	\$0	\$0
Davis, Gray	D	Governor	\$3,500	\$0	\$3,500
Eastin, Delaine		Superintendent Public Instruction	\$0	\$0	\$0
Jones, Bill	R	Secretary of State	\$48,750	\$0	\$48,750
Klehns, Johan	D	Board of Equalization	\$0	\$0	\$0
Lockyer, Bill	D	Attorney General	\$177,850	\$1,000	\$178,850
Parrish, Claude	R	Board of Equalization	\$0	\$0	\$0
Quackenbush, Charles	R	Insurance Commissioner	\$37,947	\$0	\$37,947
<b>TOTAL</b>			<b>\$340,797</b>	<b>\$1,000</b>	<b>\$341,797</b>

## **LOBBYING EXPENDITURES**

The tobacco industry spent \$2,592,907 on lobbying expenditures in the 1999-2000 legislative cycle, almost one million less than it spent in the 1997-1998 cycle (Figure 5). This is largely because in 1997-1998 the industry was attempting to overturn AB13, the California smoke-free workplace law.

Of the tobacco companies, Philip Morris spent the most money on lobbying (\$821,350), followed by Brown & Williamson (\$519,332). Among the lobbying firms hired by the industry, Lang Hansen received the largest payment from the industry (Table 16). Philip Morris, its only tobacco industry client, paid Lang Hansen \$611,000 in the 1999-2000 cycle. Lang Hansen also received the greatest payment in the 1997-1998 cycle, receiving \$520,332 from Philip Morris. Other top recipients in the 1999-2000 cycle included Spencer-Roberts and Associates (\$154,484) and Carpenter Snodgrass and Associates (\$165,000). Nielsen Merksamer, which works for Brown and Williamson, Philip Morris, RJ Reynolds, and Lorillard, received total of \$236,389 in tobacco industry money.

**Tobacco Ind. Political Expenditures**  
(excluding initiatives) 1975-2000



**TABLE 16. TOBACCO INDUSTRY CONTRACTS WITH LOBBYING FIRMS**

Firm/Contract Lobbyist	1976-1998	B/W	Cigar Assoc.	PM	RJR	STC	CDA PAC	TI	UST	LOR	Other	1999-2000	Grand Total
Art Carter Lobbying Firm		\$128,002										\$128,002	\$128,002
Capitol Connection				\$116,668								\$116,668	\$116,668
Capitol Strategies Group, inc.						\$253,967	\$80,428					\$334,395	\$334,395
Carpenter Snodgrass & Associates	\$2,394,660		\$165,000									\$165,000	\$2,559,660
Carter Lobbying Firm Art		\$37,500										\$37,500	\$37,500
Dowd Relations		\$132,900								\$127,691		\$260,591	\$260,591
Lang Hansen	\$1,940,163			\$611,000								\$611,000	\$2,551,163
Nielsen, Merksamer	\$2,493,435	\$66,446		\$84,682	\$60,653					\$24,608		\$236,389	\$2,729,824
Spencer-Roberts & Associates		\$154,484										\$154,484	\$154,484
The Apex Group									\$40,446			\$40,446	\$40,446
The Flanigan Law Firm					\$346,742							\$346,742	\$346,742
Walt Klein & Associates									\$161,691			\$161,691	\$161,691
<b>Total</b>	<b>\$6,828,258</b>	<b>\$519,332</b>	<b>\$165,000</b>	<b>\$812,350</b>	<b>\$407,395</b>	<b>\$253,967</b>	<b>\$80,428</b>	<b>\$0</b>	<b>\$202,136</b>	<b>\$152,299</b>	<b>\$0</b>	<b>\$2,592,907</b>	<b>\$9,421,165</b>

## FUNDING FOR TOBACCO CONTROL

While the Proposition 99 tobacco tax enacted in 1988 continued to generate revenues for tobacco control activities (20% of the tax revenues), public health advocates spent much of the last three years seeking increased funding for the program. These funds were deemed necessary because the combined effects of inflation and population growth had eroded about \$65 million in purchasing power for the campaign compared with when it started in 1989 (even after allowing for the reduction in smoking in California). There were three areas of debate related to expenditures for the tobacco

control program:

- During the Wilson Administration health groups had successfully sued (in a lawsuit named ANR II) to prevent the governor and legislature from diverting funds from anti-tobacco education into medical services. Wilson left this money in a reserve account – thereby preventing it from being spent on tobacco control. Health groups wanted Governor Davis to release this money.
- Attempts to secure appropriations of general fund or Master Settlement Agreement funds for tobacco control
- The practice of maintaining very large reserves in the Health Education Account rather than spending these funds to reduce tobacco use.

Over time, the health groups slowly convinced the Davis Administration to release some of these funds for tobacco control.

## **ANR II**

In 1995, the California Legislature enacted SB 493, which changed the percentages of tobacco tax revenues allocated to the Health Education and Research Accounts from 20 and 5 percent that was mandated for Proposition 99 to 10 and 1 percent. Soon after the passage of SB 493, Governor Pete Wilson signed the bill and the funds for Proposition 99 were expended according to the requirements of SB 493. Shortly after the bill was enacted, Americans for Nonsmokers' Rights (ANR), followed by the American Cancer Society (ACS), American Heart Association (AHA), and American Lung Association (ALA) filed the suit that became known as ANR II against SB 493. (15)

In August 1995, the Sacramento Superior Court issued a temporary restraining order enjoining the contested funds from being spent on medical services. On September 1, 1995, the court issued a permanent injunction. Governor Wilson then appealed this decision. (15) In 1997 the Court of Appeals ruled that the Sacramento Superior Court should not have issued the Temporary Restraining Order and permanent injunction because the plaintiffs had not established an adequate record to justify this action. (15) The plaintiffs appealed this decision to the California Supreme Court, which depublished the Court of Appeals decision so it would not be used as a precedent in future lawsuits, but did not reverse the Court of Appeals. (15) The Supreme Court initially agreed to hear the case, but later declined to hear the case, remanding it back to the Sacramento Superior Court for a new trial to determine the merits of the case. (15)

These actions did, however, prevent Governor Wilson from spending \$40 million of Health Education funds on medical services.

In Governor Wilson's 1998-1999 budget issued in January 1998, he indicated that the still-contested \$40 million would not be moved back to the Proposition 99 Health Education and Research Accounts (from the Physician and Hospital Services Accounts). Rather than releasing the

money for anti-tobacco education, however, he added a new line item entitled "ANR II Restricted Reserve." The budget indicated that these funds would not be available for spending due to the pending litigation. (15)

In response to this action, the lawyers for ANR sent a letter to the California Legislature indicating if the Legislature appropriated the funds for anti-tobacco education and research, they would dismiss their cases with prejudice, thereby ending the litigation because the funds were spent for the purposes specified in the initiative. (15) In June 1998, the ANR II suit was again heard before the Sacramento Superior Court. The case was suspended shortly after negotiations continued over resolving the case without litigation. (15)

The Wilson Administration and the Attorney General countered this offer by stating that the Governor would line item veto the \$40 million, unless another lawsuit filed by Attorney A. Lee Sanders in 1994 known as Just Say No to Tobacco Dough, was dropped. This suit alleged that \$138 million had been diverted from health education to medical services between 1989 and 1994 under AB 75 and AB 99. (15) Sanders refused the offer on the grounds that his lawsuit dealt with distinct issues than ANR II and that the plaintiffs were different.\* (15)

On May 6, 1999, ANR's Attorney Frederic Woocher wrote to the Attorney General indicating that ANR II was still pending before the Superior Court and that the plaintiffs were still willing to settle the case. (16) In the letter, the plaintiffs' offered the following:

...Petitioners ANR and (Julia) Carol (Executive Director of ANR) will dismiss the pending action in exchange for the State's agreement to release to the Health Education and Research Accounts the approximately \$40 million currently being held in the restricted ANR II reserves, along with a payment of Petitioners' costs and reasonable attorneys' fees in an amount (and from an appropriation source) to be agreed upon by the parties. (16)

During the 1998-1999 Legislative Session, although the Legislature appropriated the proper funds necessary to resolve the lawsuit, Governor Wilson vetoed this provision. (15)

ANR renewed the offer to settle the case after Gray Davis was elected governor and Bill Lockyer was elected Attorney General. As Wilson had done before, Davis initially refused to settle the case, citing "ongoing litigation." However, Davis did release the restricted money making the lawsuit moot.

### **The Health Education Account Budget**

Funding for specific health education programs under Governor Davis have also had a mixed record. In the 2000-01 Governor's Budget, (Table 17) Governor Davis proposed to increase the

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\*On July 8, 1999 a judgment was entered by the Sacramento County Superior Court in favor of the state on the basis that the Just Say No plaintiffs were not entitled to monetary damages. Sanders appealed all the way to the California Supreme Court, which upheld this ruling in 2001.

funding of the anti-smoking media campaign from \$20 million to \$45.2 million using funding from the release of \$32.5 million in the ANR II litigation reserves (9, 10, 17) Beginning in 2001/2002, Governor Davis proposed providing an additional \$20 million for the program from the General Fund (17) and funds from the carryover balance (Table 3). (9) This proposed increase in spending for the media campaign occurred after a substantial drop in funding (to \$17.9 million) during 1999-2000 for the media campaign under Governor Davis when compared with spending under Governor Wilson in 1997-1998 (\$31.9 million) and 1998-1999 (\$23.6 million).

At the same time that Governor Davis was proposing an increase in spending for the media campaign, spending proposals for two other important health education programs remained at historic lows. Funding for the competitive grants program increased only slightly (despite the \$149,326 million in reserve for 2000-2001, Table 3) from Governor Wilson's spending for the program in 1998-1999 of \$16.6 million. Spending for this program is also a little over one half of the spending provided in 1997-1998 (\$31.6 million) under Governor Wilson. Funding for local lead agencies has also declined under Governor Davis when compared to Governor Wilson. In 1997-1998 and 1998-1999 spending for the program under Wilson was \$34.5 and \$20.7 million respectively. Under Governor Davis in 1999-2000 and 2000-2001, spending for the program remained at \$17.4 million.

### **Using Settlement Funds for Tobacco Control**

Until the 2001/2002 fiscal year, Davis staunchly opposed measures allocating money from the multi-state settlement with the tobacco industry to tobacco control. In September 1999, he vetoed AB100, a bill which created a fund for the tobacco settlement funds and mandated that the money be used for health care and health related purposes, including tobacco education, prevention, and cessation services. In his veto message, Davis reminded legislators that he was the first state official to file suit against the tobacco industry as a private attorney general and asserted that because the California suit against the tobacco industry was based on California's Unfair Competition Act and the state's false advertising law, the state was not obligated to use the funds generated by the settlement on health care coverage. (5, 6). In addition, Davis implied that the funds created by Prop 99 and Prop 10 were enough to pay for tobacco education. (6)

In August 2000, State Senator Martha Escutia (D-Montebello) proposed a bill (SB 673), which would use tobacco settlement funds to expand state health coverage to the children of one million working-poor parents. Specifically, 60 percent of each annual settlement payment would be devoted to the expansion of the Healthy Families program, which provides health services to these uninsured children. The remainder of the payment would go toward community clinics and tobacco cessation programs. (18) The proposal emerged as a part of an effort to expand the Healthy Families program, which had failed to enroll the expected numbers of California residents and therefore necessitated the return of federal funds initially allocated to the program. John Burton (D-San Francisco) and supporters of the proposal (which did not include Governor Davis who opposed the bill) asserted that by expanding the Health Families program, California could become eligible for up to \$600 million a year in federal funds. (18)

<b>Table 17. Detailed Actual and Projected Expenditures for Major Health Education Account Programs for Fiscal Years 1997-2002</b>					
<b>Accounts</b>	<b>Actual 97 to 98 Expenditures</b>	<b>Actual 98 to 99 Expenditures</b>	<b>Actual 99 to 00 Expenditures</b>	<b>Projected 00 to 01 Expenditures</b>	<b>Expected 01 to 02 Expenditures</b>
<b>DHS Health Education</b>					
Media Campaign	\$31,863,955	\$23,637,659	\$17,880,457	\$45,263,846	\$45,264,000
Competitive Grants	\$31,627,195	\$16,594,498	\$17,690,000	\$17,690,000	\$17,690,000
TEROC and Evaluation	\$3,118,000	\$1,829,171	\$4,381,000	\$4,381,000	4,381,000
Local Lead Agencies	\$34,464,000	\$20,691,500	\$17,428,000	\$17,428,000	\$17,426,000
<b>Total</b>	<b>\$101,073,150</b>	<b>\$62,752,828</b>	<b>\$57,379,457</b>	<b>\$84,762,846</b>	<b>\$84,961,000</b>
<b>DOE Health Education</b>					
County Offices of Education	\$2,500,000	\$3,800,000	\$3,800,000	\$3,800,000	\$3,800,000
Local Assistance	\$31,937,000	\$28,553,000	\$23,244,000	\$23,244,000	\$23,244,000
<b>Total</b>	<b>\$34,437,000</b>	<b>\$32,353,000</b>	<b>\$27,044,000</b>	<b>\$27,044,000</b>	<b>\$27,044,000</b>
<b>Sources:</b> Governor's Budgets, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002 and the California Department of Health Services. (8, 10, 12-14)					

The Davis Administration lobbied against the bill because of the Governor's policy of wanting the tobacco settlement money put in the general fund and not earmarked for medical or anti-tobacco expenses.

The bill passed the Assembly on August 30 by a 45-25 vote, but surprisingly failed to pass the Senate on the last day of the legislative session. The Senate's computer was said to be responsible; Escutia claimed that the measure vanished from the system on the final day of the legislative session and she could not retrieve it by the midnight close due to the failure of a new computer system, which crashed due to a large workload on the final day of the legislature. (19)

In December 2000, Senator Escutia (D-Montebello) reintroduced the bill, now named SB 35. (20) SB 35 now called for 60% of the tobacco settlement allocation to go to expanding health services for uninsured or under-insured families and individuals, 20% to be allocated for community clinics, primary care clinics, and public hospitals for high risk groups with limited health care, and 20% for tobacco prevention programs. (20) The 20% allocation for tobacco control also required that one-third fund comprehensive tobacco cessation services for minors and adults and two-thirds fund other tobacco control programs including the operations of public, nonprofit, and community organizations involved in tobacco control. (20)

In January 2000, Governor Davis announced in his 2000-2001 budget, that he was changing his position regarding the use of tobacco settlement funds and would support creation of a separate fund for settlement dollars. He also indicated a willingness to see at least some of the money allocated to tobacco control.

A subsequent amendment to SB 35, which passed in the Senate Health and Human Services committee in March 2001 reallocated the one-third funding requirement for cessation programs by increasing the funding requirement for the other tobacco control programs category, including the operations of public, nonprofit, and community organizations involved in tobacco control, to 100% of the tobacco control allocation.(20).

Davis continued to lobby against the bill and convinced supporters to table it in June, 2001, during budget negotiations.

### **The 2000-2001 Budget**

According to John Miller, staff director for the Senate Health and Human Services Committee, the reason that funding for the competitive grants and local lead agency programs has not increased along with the media campaign during the Davis Administration was due to the fact that the Administration that was not oriented towards understanding or implementing comprehensive and effective tobacco control programs. (21) As a result of this lack of programmatic orientation, in the first year of the Davis Administration, the California Department of Finance took a fiscally conservative approach and continued to formulate budgetary numbers for the program that were similar or even less in amount than the Wilson Administration. (21) Compounding this problem was the lack of vigorous advocacy by the organized health groups with respect to the Davis Administration in the first year, believing they would not have to pressure the Davis Administration for a significant and more positive approach to tobacco control health education. (21)

It was not until the second year of the Davis Administration that a media and lobbying effort focused on the Administration and the Legislature to increase spending for tobacco health education efforts (21) under Proposition 99. This campaign by the Western States Affiliate of the American Heart Association, American Lung Association of California, American Cancer Society, Americans for Nonsmokers Rights, and the American Association of Retired Persons was called the Respect the Intent Campaign, reflecting the original intent of the tobacco settlement to counter years of tobacco industry manipulation and deceit. (22) The goal of the campaign was to fulfill the recommendation by the Tobacco Education and Research Oversight Committee and the Centers for Disease Control and Prevention to increase California's tobacco control funding by \$105 million. (23) Because both the magnitude and purchasing power of Proposition 99 funds were decreasing due to the decline in smoking, advocates wanted to secure this money from the tobacco settlement funds. (22)

Furthermore, the AHA touted the results of a poll they commissioned, which indicated that 84% of likely voters believed that the tobacco settlement monies should be spent on youth tobacco control and cessation programs. (24) The poll also revealed that 65% disapproved of Davis's veto of AB100 and that 39% would be less likely to vote for his reelection because of this. (24) The Respect the Intent Campaign also focused on the fact that California had been unable to implement all of the CDC's recommended tobacco control program components fully.

The campaign also called for the simplification and streamlining of the review process for

the state media campaign; although Davis had immediately released the advertisements stifled by Wilson, even by the eleventh month of his administration, no new advertisements had been released (25). In addition, advocates campaigned for the elimination of ties between the Tobacco Education, Research and Oversight Committee and the Department of Health Services in order to establish a truly independent and unbiased oversight committee. (22)

Commenting further on the Respect the Intent Campaign, Kirk Kleinschmidt, Vice President for Advocacy for the Western States Affiliates of the American Heart Association noted that:

We [Respect the Intent Campaign] started a three-prong strategy -- media advocacy, legislative lobbying, and grassroots mobilization -- after we, as part of larger coalitions, were unsuccessful at getting settlement money dedicated to tobacco control. For the record, our campaign, which we internally called Respect the Intent, was never conceived of as just an ad campaign. The strategy was approved by the Executive Committee of the Western States Affiliate board of directors in Dec. 1999 and Jan. 2000.

Three ads ran in the California Journal -- April, May, August 2000.

One ad ran in the Sacramento Bee on May 9, 2000 entitled "84% of California voters want Tobacco Settlement funds to battle tobacco, "Will Sacramento Listen?"

The main publication, however, has been the NYT [with seven advertisements in the New York Times from April 12 to October 30]. (26)

The advertisements in the *New York Times* and the other publications (Appendix B) criticized Davis for allowing the state tobacco education campaign to become underfunded and also condemned Davis's failure to enforce the California smoke-free bar law. (27) One advertisement, which was typical of all the advertisements, read:

Appearance or reality?

California set the standard for the rest of the world when we put powerful anti-tobacco campaigns on the air -- and built up community programs on the ground. With this one-two punch, California's smoking rates fell faster in the early 1990's than anywhere else on Earth.

But Governor Davis is pulling his punches. Despite huge state surpluses and a mammoth tobacco settlement worth \$500 million a year to Sacramento, California now spends far less on tobacco control than the U.S. Centers for Disease Control consider adequate. He's not willing to spend money on tobacco advertising, yes. But not on the community programs which make advertising more than show. In fact, Governor Davis has refused to spend a dime of the tobacco settlement on anti-tobacco efforts. Even though 84% of state voters polled say that he should. (23)

Shortly after the April 2000 advertisement was published, the Governor's office issued a press release which stated that teenage smoking in California dropped from 10.7 percent in 1998 to 6.9 percent in 1999 and claimed that the decline was due to the state education campaign (28). However, anti-tobacco advocates disagreed, attributing the decline to the enactment of Proposition 10, a 50-cent tax on each pack of cigarettes (28) effective, January 1, 1999. The Davis Administration responded in May 2000 to this pressure by increasing spending for the media campaign by \$27.6 million (instead of increasing spending across the board for all of the health education tobacco control programs) by shifting funds from the ANR II Restricted Reserve and a carryover balance from the prior fiscal year. (21) As a result, funding for the local lead agency and competitive grants programs remained as low or lower in funding than under the Wilson



## Administration.

In his third budget year of 2001-2002 as is shown in Table 5, Governor Davis proposed the same amount of Proposition 99 funding for the health education programs as he did in May 2000. The Governor did agree to a modest increase in spending for a youth anti-smoking program from a newly created tobacco settlement account, which would receive:

\$20 million (\$5 million one-time) to reduce the incidence of youth smoking. This program [also] will provide grants to local nonprofit organizations to reduce smoking among teens and college-aged youth. In addition, the program will provide assistance to local governments to reduce the sale of tobacco products by improving anti-smoking enforcement activities. Along with the \$20 million for the youth anti-smoking campaign, California has committed \$114.5 million from the Cigarette and Tobacco Products Surtax Fund (Proposition 99) for anti-tobacco efforts. (8)

While the combined health education funding of Proposition 99 and the recent increase in tobacco settlement funding increased funding from 2000-2001 as is shown in Tables 1 and 3, as Table 1 indicates, it still fell far short of the minimal funding recommended by the Tobacco Education and Research Oversight Committee and the Centers for Disease Control for an tobacco control education program in California.

A letter by the American Lung Association of San Francisco, American Heart Association, San Francisco Division, and American Cancer Society, San Francisco Bay Area to the San Francisco Chronicle published on January 17, 2001 summarized this severe under funding problem by stating:

Chronicle's Article on Gov. Gray Davis' new budget proposal ("Davis Proposes \$102 Billion State Budget," (Jan 11) barely touched on the crucial issue of Davis' proposed use of tobacco settlement funds. The budget plan, which Davis boldly touts as "responsive and responsible," is a travesty when it comes to protecting Californians from the devastating effects of smoking. (29)

## The Ten Percent Challenge

In response to the criticism of the Davis Administration that the American Heart Association made in its advertising and lobbying campaign, representatives from AHA were invited to meet with top officials of the Davis Administration, including Susan Kennedy, a member of the governor's cabinet, the Director of Finance, Secretary of Health and Welfare, and others. AHA was asked what would be accomplished if funding for the tobacco control program increased. AHA responded on January 2, 2001 with a letter to Susan Kennedy stating that it thought it would be possible to reduce California adult smoking prevalence to 10% (from 17-18% at the time) in 5 years and that this reduction would prevent over 50,000 heart disease deaths during this period. The AHA considered this goal to be reachable based on the early success of the California tobacco control program when it was large and aggressive combined with the fact that smoking prevalence is approximately 17% with 60% of these individuals being light smokers. After hearing no response from the Administration, the AHA (along with ANR) ran a full page ad in the *New York Times* in April 2001, publicly challenging the governor to commit to reducing smoking to 10% in 5 years (Figure 6)

## LEGISLATIVE ACTIVITY

While the primary focus of debate related to tobacco concentrated on trying to revive the state's tobacco control program, there were several important battles in the Legislature on other tobacco policy issues.

### Fire-Safe Cigarettes

On February 25, 2000, Senator Adam Schiff (D-Pasadena) introduced Senate Bill 2070 (SB 2070), which would have required that the California Fire Marshall adopt fire safety standards for cigarettes sold, offered for sale, or manufactured in California.(30) The proposed legislation was nearly identical to a fire-safe law that was signed into law by New York Governor George Pataki in August 2000.(31) According to an analysis of SB 2070 by the California Office of Senate Floor Analyses with respect to the purpose of this proposed legislation:

Since 1979, more than 20,000 people have been killed from cigarette-started fires. More than one-third of those individuals were children or innocent victims who do not smoke. In addition, cigarette-related fires caused more than \$500 million in property damage. Nationwide, the total annual economic impact of these fires exceeds \$4 billion on an annual basis. In California, it is estimated that 110 deaths, 3,200 serious injuries, and one billion dollars in costs of property loss, health care, pain and suffering result [since 1979] from fires started by dropped cigarettes.

Efforts to present these losses have progressed from admonitory slogans to product-flammability standards to addressing the cigarette itself. Two recent federal studies have: (a) concluded that it is technically feasible to produce a cigarette with a reduced



# Don't forget to conserve lives, Governor Davis

*California can once again show the world how it's done:*

During the early 1990's California reduced smoking faster than anywhere else in the world, saving 59,000 lives from heart disease alone between 1989 and 1997.

But most of these gains were posted two governors ago.

Since then, real per capita funding for California's major anti-tobacco programs has dropped by 63%. The result?

Smoking rates have stalled at 16.7-18% among adults. Lower than the rest of the country, yes. But much higher than if our state still ran as large and strong a campaign as it did in the early 1990's.

If that campaign had continued at full strength 15,000 Californians who have died of heart disease would be alive today.

What do we need to do? Invest what the U.S. Centers for Disease Control recommends for California — about \$105 million more a year than it spends now.

Where can we get the money? From the tobacco industry's own settlement funds.

After all, Big Tobacco continues to pump a billion dollars a year into California to promote smoking, settlement or no settlement. That's ten times more than the state now invests to reduce tobacco addiction, disease and death.

We congratulate Gov. Davis for proposing to add \$20 million to our state's proven tobacco control efforts next year. It even appears that he'll soon make good on his two-year-old promise to launch a new generation of aggressive anti-tobacco TV spots.

The kind that promote smoke-free air, immunize young people against Big Tobacco's marketing, and help addicted smokers quit — once and for all. Of course California can do much more than try to defend its old gains against Big Tobacco.

But ending tobacco addiction and death will require rare political vision and will.



THE TEN PERCENT CHALLENGE:

## Cut California's smoking rate to 10% by 2006.

So the American Heart Association issues the TEN PERCENT CHALLENGE. Cut California's smoking rate to 10% by 2006.

Is this realistic? Can the number of adult smokers really drop 40% in less than five years? You bet. This is one problem we know exactly how to solve.

- Launch a large media campaign like the early 1990's original.

- Bolster and promote the California Smokers Hotline.

- Strengthen local programs to protect clean indoor air and erode the social acceptability of smoking.

These steps will quickly help many of today's California smokers quit. Thanks to the progress we've already made, 60% of California smokers are now the "light" smokers (fewer than 15 cigarettes a day) most responsive to educational messages.

And as soon as they quit, their risk of a heart attack drops dramatically.

At the same time, expanding anti-tobacco campaigns will stop Big Tobacco from addicting more teens and young adults to replace the tens of thousands of California smokers and non-smokers it kills every year.

If Gov. Davis accepts the TEN PERCENT CHALLENGE, he will save 50,000 lives in the next five years.

It requires tough leadership to confront powerful corporations victimizing Californians. Real foresight to invest in programs that pay off now and for generations to come...

Rock-solid commitment to avert disease and death we know will occur unless our state takes action immediately.

Vision and will — the ability to imagine a brighter future and lead others toward a positive goal.

Gov. Gray Davis can pass the leadership test today on our state's most important life-and-death issue.

Lets show the world how it's done. Cut California smoking rates to 10% by 2006. Send these messages to Sacramento...now.



Americans for Nonsmokers' Rights

<p><b>Governor Gray Davis:</b></p> <p>Wouldn't you like to ease one right about now? Simply accept the American Heart Association's TEN PERCENT CHALLENGE. It's a slam-bang to avert 50,000 smoking-related deaths in California by 2006. Fully revive the strong and effective anti-tobacco campaigns from the early 1990's with funding from the tobacco settlement.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p>	<p><b>State Senate President Pro Tem Burton &amp; Assembly Speaker Hertzberg:</b></p> <p>Half-hearted measures never work. Accepting the American Heart Association's TEN PERCENT CHALLENGE will. Tobacco addiction, disease and death is one problem we know how to solve. Join us in urging Gov. Gray Davis to reduce the smoking rate to 10% by 2006.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p>	<p><b>American Heart Association</b></p> <p>I wholeheartedly support your campaign to reduce smoking rates to 10% — and deaths from smoking-related disease by 25% — in 2006. Let's do it!</p> <p>☐ Add me to the statewide network of Californians intent on keeping the pressure on Big Tobacco.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p> <p>E MAIL _____</p>
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Fill out coupons and mail to: American Heart Association, P.O. Box 160126, Sacramento, CA 95816.

**Figure 7.** Advertisement run by the American Heart Association and Americans for Nonsmokers' Rights Challenging Governor Davis to reduce smoking to 10% in 5 years in California.

likelihood of starting fires, and (b) published a broadly validated method by which cigarette brands can be tested for ignition propensity. The long-term effort of scientists, legislators, and public health activists to develop and implement a fire-safe cigarette standard also constitutes a legal liability challenge and a threat to the cigarette market shares held by major U.S. tobacco companies.

Among all injury profiles, the one for cigarette fire injuries is unusually lethal. In fires attributed to dropped cigarettes, there is one death to every four injuries. The fire-safe cigarette concept addresses the typical scenario in which such injuries occur. In these cases, dropped cigarettes, because they are expressly manufactured not to go out until totally consumed, burn through the cover of a seat cushion or a mattress, starting fires which may smolder for hours. These hidden fires produce toxic gases which render sleeping victims even more unconscious before the cushion or mattress bursts into flame. At this point, the superheated air in the room of origin quickly reaches flashover, and any person in the residence is seriously threatened. Those who survive such fires normally have a severe inhalation injury. When they are also burned, cigarette fire victims are frequently the most critically ill patients in a setting dedicated to serious burn injury.(32)

Proponents of fire-safe cigarettes including health advocates and some fire safety professionals have argued further that cigarette manufacturers could reduce the combustibility of cigarettes by, “reducing the diameter of the cigarette, reducing the density with which it is packed, and reducing the porosity of the cigarette wrapper, thus allowing less oxygen to flow through the paper.” (33) Studies have also indicated that the technical and economic practicality of fire-safe cigarette production was available more than ten years ago and is already available in certain foreign brands of cigarettes. A serious challenge was also made to the credibility of the tobacco industry's claim that fire-safe cigarette technology does not exist when on March 27, 1994, a “60 Minutes” news television story reported that internal Philip Morris documents indicated that fire retardant cigarette production was possible. (34, 35) Proponents of fire-safe cigarettes have also noted that the tobacco industry has thwarted fire safety efforts by funding in-house scientists and consultants to challenge the feasibility of safer cigarettes and by funding fire safety organizations. (36) At the center of the tobacco lobby's opposition to switching to fire-safe cigarettes are higher manufacturing costs (36) and the legal liability and large cost that would incur due to survivors of past fires suing.(33)

The tobacco lobby has historically taken the policy position that there is no available technology to manufacture fire-safe cigarettes. (37, 38) The tobacco lobby has also opposed “crazy-quilt” legislation that would result in varied production requirements and costs if all fifty states enacted different fire-safe cigarette laws. For these reasons, the tobacco lobby has taken the policy position that all “fire safe” proposals should be defeated. (39) Instead, the tobacco lobby has argued that (weaker and more symbolic), “Fire prevention and public education have proven to be the most effective methods to decrease fire related deaths.” (40)

The desired public policy outcome from the tobacco lobby's stance on the fire-safe cigarette issue has been to counter legal liability and high costs which could effect cigarette profits and market stability. (33, 36) This position was reiterated by the California Manufacturers and Technology Association, when it testified that SB 2070:

...would severely impact the sale of cigarettes in California by creating a more stringent product design than applies in other states. We believe consumers unhappy with the standards will purchase their tobacco products elsewhere, perhaps on the black market, and both harm California companies in the business of selling these products and reduce state tax revenues derived from these sales.(32)

On June 14, 2000 the Senate Health and Human Services Committee voted 6-3 and the Senate Appropriations Committee voted 8-3 on June 22, 2000 to approve the bill and sent it to the full Senate for consideration.(32) On June 26, 2000 the full Senate passed the bill 22-11. (32)

On August 21, 2000, the Assembly Committee On Governmental Organization also held a public hearing on the bill. Prior to the hearing, the bill's Senate sponsor, Senator Adam Schiff noted that: "They're [the tobacco lobby] sending out their Covington & Burling lawyers to influence [lawmakers]." (31) Senator Schiff also predicted: "...it's going to be an uphill battle." (31) The Assembly Government Organization Committee has also traditionally been recognized as sympathetic to tobacco industry policy positions.(31) As is indicated in Table 18, Committee members have received from 1999 to 2000, a total of \$340,536 in industry contributions with an average tobacco policy score of 4.2. In the 2000 Legislative Session, the Democrats held a 12 to 7 majority over Republicans on the Committee.

In testimony before the Committee, tobacco lobbyists, industry supported scientists, and fire safety officials paid by the industry, all claimed that it still was not technically feasible to produce a fire-safe cigarette that "does not increase health risks"(41) or "tastes bad."(41) Some opponents of the bill also argued that the bill would erode California's tax base. (41) Several Committee members also claimed that smokers take the risk when they put burning objects in their hands.(41) In addition, some members of the Committee openly stated that they were suspicious of anti-smoking advocates intentions regarding the bill. (41) As Assembly member Brett Granlund noted: "Some of these anti-smoking people are very diabolical, very devious." (41) The bill was defeated 5-2 (with one Democrat and one Republican voting yes, one Democrat and four Republicans voting no, and 12 members not voting) killing the legislation for the 2000 Session.

### **Smokeless Tobacco Tax**

In recent times, United States Tobacco has been conducting a national effort to change taxation of smokeless tobacco from price to weight essentially to increase prices on rival products. (110) On February 13, 2001, first-term Assemblywoman Barbara Mathews (D-Tracy) introduced AB 224 to shift California's method of taxing smokeless tobacco from a system based on price to a system based on weight. (110-111) Mathews argued that the change would "...discourage the use of these products by children." (110) Mathews also claimed that another purpose of the bill was to revenues to finance consumer tax cuts. (110) However, she also indicated that the idea of raising new taxes originated with Richie Ross, a Sacramento political consultant who ran her campaign in the previous election and is a lobbyist for United States Tobacco, a leading producer of smokeless chewing tobacco. (110)

AB 244, however, stalled in committee because passage would have required four-fifths of Assembly votes. (111) Mathews and Ross eventually requested that the California Board of Equalization adopt the change without enacting a new law. (111) However, Board of equalization member Johann Klehs starting calling for large tax increases on all chewing tobacco products. United States Tobacco, quickly changed its position and along with rival smokeless tobacco

companies called for maintaining the tax as it currently is. (111)

### Smokers' Rights Legislation

On February 23, 2001, Assembly person Rod Wright (D-South Central Los Angeles) introduced AB 1015, which contained a stealth "smoker rights" provision. (114) This provision required that employers not discriminate against employees by firing, refusing to hire, discriminating in the terms and conditions of employment, or not selecting an employee for a training program due to:

<b>Table 18. 1999-2000 Tobacco Industry Campaign Contributions to California Assembly Governmental Organization Committee Members</b>				
<b>Officeholder</b>	<b>Party</b>	<b>Vote</b>	<b>Campaign Contributions</b>	<b>Tobacco Policy Scores</b>
Wesson, Herb (Chair)	Dem	Did Not Vote	\$16,692	7.0
Strickland, Tony (Vice-Chair)	Rep	No	\$14,500	1.0
Granlund, Brett	Rep	No	\$14,500	0.0
Margett, Bob	Rep	Did Not Vote	\$8,750	2.0
Briggs, Mike	Rep	No	\$3,500	2.5
Maldonado, Abel	Rep	Yes	\$2,250	5.5
Brewer, Marilyn	Rep	No	\$6,500	2.0
Battin, Jim	Rep	Did Not Vote	\$20,500	2.3
Calderon, Thomas	Dem	Did Not Vote	\$13,000	4.3
Lempert, Ted	Dem	Yes	\$0	6.7
Machado, Mike	Dem	Did Not Vote	\$80,344	5.0
Longville, John	Dem	Did Not Vote	\$7,500	4.0
Wright, Roderick	Dem	Did Not Vote	\$20,750	4.0
Reyes, Sarah	Dem	Did Not Vote	\$10,000	7.3
Vincent, Edward	Dem	Did Not Vote	\$38,000	1.7
Cardoza, Dennis	Dem	Did Not Vote	\$73,500	6.3
Floyd, Richard	Dem	Did Not Vote	\$15,500	2.7
Wiggins, Patricia	Dem	No	\$2,500	5.3
Cardenas, Tony	Dem	Did Not Vote	\$7,000	6.0

.... any lawful conduct (including tobacco use) of the person that occurred (a) outside of the hours of the person's employment, whether current or prior, and (b) off the premises of the person's employer at the time of conduct. (114)

This provision was interpreted as a "smoker's rights" provision similar to bills that have been defeated by health lobbyists several times in the California Legislature. A subsequent amendment on April 16, 2001 removed this provision due to considerable lobbying pressure by the American Lung Association and American Heart Association, which amended this language to make it clear that the bill only applied to political activities, such as union organizing, not smoking (115).

### **Tobacco Youth Access Legislation**

On February 22, 2001, Assembly members Herb Wesson ( D-Los Angeles) and Paul Koretz (D-West Hollywood) introduced AB 744, which would require that California license and regulate individuals and businesses that manufacture, distribute, and sell tobacco products. (112) The nominal purpose of the legislation was to assist the California Department of Health Services in its enforcement efforts to reduce the illegal sale of tobacco products to minors, but the enforcement was to be placed with the Alcohol Beverage Commission, an agency with no experience and little interest in tobacco control. Health advocates expressed concern about this arrangement. The bill also proposed to regulate the advertising of tobacco products within 1000 feet of schools and playgrounds. The proposed bill would go into effect immediately upon passage. As of this writing, this bill has not received a hearing by any Assembly Committee (113) and health advocates were urging the authors of the bill to have the Department of Health Services the enforcing agency.

### **PROPOSITION 37**

In the fall of 2000, an organization called the Business and Taxpayers for Fair Fees Coalition sponsored an initiative for the November ballot. Proposition 37 would have redefined mitigation fees as taxes requiring a 2/3 vote of the legislature or a 2/3 vote of the people to pass. (42) Mitigation is a very broad term that refers to governmental actions to alleviate harm to the society or economy caused by certain activities. (43) Had Proposition 37 passed, it would have probably prevented any legislation to assess the tobacco industry based on health costs or amount of youth smoking.

This initiative would have overturned the 1991 Childhood Lead Poisoning Prevention Act, which imposed a fee assessed on manufacturers of lead products or others that contributed to lead pollution and for the screening and treating of children for lead poisoning. In 1997, the law was challenged in *Sinclair Paint vs. State Board of Equalization* on the grounds that such fees are no different from taxes, and are therefore unconstitutional without passage by a 2/3 majority of the legislature. (43) The California Supreme Court decided to uphold the law, stating:

We see no reason why statutes or ordinances calling on polluters or producers of contaminating products to help in mitigation or cleanup efforts should be deemed less "regulatory" in nature than the initial permit or licensing program that allowed them to operate. Moreover, imposition of mitigating effects' fees in a substantial amount also "regulates" future conduct by deterring further manufacture, distribution or sale of dangerous products, and by stimulating research and development efforts to produce safer or alternative products (43).

Proposition 37 was written by the Business and Taxpayers for Fair Fees Coalition in reaction to the *Sinclair* decision. This coalition was primarily comprised of tobacco, alcohol, and oil interests. The lobbyist for the coalition, Nielsen/Merksamer, also represented several tobacco companies in Sacramento since at least the 1970s. Philip Morris was the top contributor to Yes on Prop 37, donating \$350,000 out of a total of \$2,555,620 raised by proponents. R.J. Reynolds, Brown & Williamson, and Lorillard were also on the top ten contributors list. (42) In total, the tobacco industry contributed over \$668,000 to support the measure. (43)

Opponents include the American Cancer Society, the American Lung Association, the League of Women Voters and the Sierra Club. (43) Despite being outspent by 5 - 1 (No on 37's total spending was \$494,427) the measure lost in the November 7, 2000 Primary Election with those in favor being 4,593,406 ( 47.9%) and those opposed being 4,988,450 ( 52.1%). (44)

### LOCAL EFFORTS TO USE THE TOBACCO SETTLEMENT MONIES

By February 2001, only thirteen of 62 California local governments that received Tobacco Settlement funding had allocated any funds for tobacco control efforts (Table 19). (107) The combined spending by these eleven local governments was about \$16.8 million (3% of the total allocation of \$500 million to local governments) for health education, enforcement and cessation programs with only three expending greater than 20% of their Tobacco Settlement funding allocation for any type of tobacco control program. (107)

The voluntary health agencies particularly focused their energy in these local tobacco control campaigns in San Francisco, Los Angeles, San Diego, and Sacramento. (45) They were also active to a more limited extent in Alameda County, Santa Clara County, City of San Jose, Merced County, Ventura County, Orange County, and San Bernardino County. (45)

County	MSA Funding For 2000	Percentage Allocation By Funding Category As of February 28, 2001				How Adopted?
		Tobacco Control	Health	Public Works	Other	
Alameda	\$15,830,000	7%	93%	0%	0%	Legislative
Alpine	\$14,000	0%	0%	0%	0%	Not Adopted*
Amador	\$372,000	20%	0%	80%	80%	Legislative
Butte	\$2,254,000	0%	0%	0%	0%	Not Adopted
Calaveras	\$396,000	0%	0%	0%	0%	Not Adopted
Colusa	\$201,000	0%	100%	0%	0%	Legislative
Contra Costa	\$9,946,000	0%	100%	0%	0%	Legislative
Del Norte	\$290,000	0%	0%	0%	0%	Not Adopted
El Dorado	\$1,559,000	15%	85%	0%	0%	Legislative
Fresno	\$8,260,000	0%	0%	100%	0%	Legislative
Glenn	\$307,000	0%	0%	0%	0%	Not Adopted
mboldt	\$1,474,000	0%	0%	0%	0%	Not Adopted

**Table 19. Cont. Master Settlement Agreement Tobacco Funding and Expenditures in California Counties by February 2001**

	MSA Funding For 2000	Percentage Allocation By Funding Category As of February 28, 2001				How Adopted?
		Tobacco Control	Health	Public Works	Other	
Kern	\$6,725,000	2%	34%	64%	0%	Legislative
Kings	\$1,256,000	0%	0%	0%	0%	Not Adopted
Lake	\$627,000	0%	0%	0%	0%	Not Adopted
Lassen	\$342,000	0%	0%	0%	0%	Not Adopted
Los Angeles County	\$109,681,000	5%	0%	0%	32%	Legislative**
Los Angeles City	\$10,230,000	0%	0%	0%	0%	Not Adopted
Madera	\$1,090,000	0%	0%	100%	0%	Legislative
Marin	\$2,847,000	71%	29%	0%	0%	Legislative
Mariposa	\$177,000	0%	0%	0%	0%	Not Adopted
Mendocino	\$994,000	0%	0%	0%	0%	Not Adopted
Merced	\$2208,000	0%	0%	100%	0%	Legislative
Modoc	\$120,000	0%	100%	0%	0%	Legislative
Mono	\$123,000	0%	0%	0%	0%	Not Adopted
Monterey	\$4,401,000	0%	34%	66%	0%	Legislative
Napa	\$1,371,000	0%	0%	0%	0%	Not Adopted
Nevada	\$972,000	0%	0%	0%	0%	Not Adopted
Orange	\$29,830,000	0%	100%	0%	0%	Initiative
Placer	\$2,138,000	0%	0%	0%	0%	Not Adopted
Plumas	\$244,000	0%	0%	0%	0%	Not Adopted
Riverside	\$14,484,000	0%	0%	0%	0%	Not Adopted
Sacramento	\$12,885,000	0%	24%	0%	76%	Legislative
San Benito	\$454,000	0%	0%	0%	0%	Not Adopted
San Bernardino	\$17,557,000	11%	89%	0%	0%	Legislative
San Diego County	\$30,913,000	0%	100%	0%	0%	Legislative
San Diego City	\$10,230,000	0%	0%	0%	0%	Not Adopted
San Francisco County & City	\$19,189,000	5%	95%	0%	0%	Legislative
San Joaquin	\$5,948,000	0%	0%	0%	0%	Not Adopted
San Jose City	\$10,230,000	25%	0%	0%	75%	Legislative
San Luis Obispo	\$2,687,000	0%	37%	0%	0%	Legislative**
San Mateo	\$8,039,000	4%	0%	0%	0%	Legislative**
Santa Barbara	\$4,574,000	18%	62%	0%	20%	Legislative
Santa Clara	\$18,532,000	5%	16%	0%	0%	Legislative**
Santa Cruz	\$2,843,000	15%	0%	0%	0%	Legislative**
Shasta	\$1,820,000	0%	10%	90%	0%	Legislative
Sierra	\$41,000	0%	0%	0%	0%	Not Adopted
Siskiyou	\$539,000	0%	0%	0%	0%	Not Adopted
Solano	\$4,213,000	0%	36%	24%	0%	Legislative**
Sonoma	\$4,804,000	0%	0%	0%	100%	Legislative
Stanislaus	\$4,585,000	0%	0%	0%	0%	Not Adopted
Sutter	\$797,000	0%	0%	0%	0%	Not Adopted
Tehama	\$614,000	0%	0%	0%	0%	Not Adopted
Trinity	\$162,000	0%	0%	0%	100%	Legislative
Tulare	\$3,860,000	0%	0%	0%	100%	Legislative
Tuolumne	\$600,000	0%	0%	0%	0%	Not Adopted
Ventura	\$8,279,000	0%	100%	0%	0%	Legislative
Yolo	\$1,746,000	0%	0%	0%	0%	Not Adopted
Yuba	\$721,000	0%	0%	0%	0%	Not Adopted

\* Not enacted by legislation or initiative.

\*\* Only a portion of the available funding was allocated in the year 2000.

Sources: LA of California, California Department of Health Services, and California Association of Counties. (107-109)



## Orange County

One of the most intense local political battles over how to spend tobacco settlement funds occurred in Orange County, which is located in Southern California, south of Los Angeles County. In December 1994, the county declared bankruptcy. Since then, reducing this debt has been one of the county's highest priorities. The debt has forced the county to cut back on providing health care to its residents; county spending dropped from \$40 million to \$28 million after the bankruptcy. (46) The reduction in care is particularly significant in Orange County because the county hospital, which cared for a great fraction of the indigent and uninsured, was sold in the mid-1970's. (47) Because of this, health care providers felt strongly that the windfall should go toward expanding the county's contribution to health care. County supervisors also viewed the county's share of the tobacco settlement (\$765 million over 25 years) as a perfect opportunity to help Orange County out of this financial morass.

In 1999, a community coalition of health care providers, non-profit, religious and employer organizations approached the county about reaching a compromise that included spending tobacco settlement funds on health care as a major component. The county was more intent on reducing debt and negotiations soon fell apart. Health care providers then turned to the initiative process to implement their goals. They organized a group called the Citizens Health Alliance to Reinvest the Tobacco settlement (CHARTS), which included organizations such as the American Association for Retired Persons, the American Heart Association, the Orange County Central Labor Council, Planned Parenthood, Latino Health Access, the Arthritis Council, C.J. Segerstrom & Sons, the League of Women voters and also Jaime Soto of the Roman Catholic Diocese of Orange. The coalition drafted an initiative dedicating 80 percent of the annual settlement allocation to health care (47) and 20% to law enforcement to build, and improve county jails. The settlement was to be directed to the following health needs: senior health (19%), non-profit community clinics (20%), emergency and on-call physicians (23%), tobacco control (12%), and hospitals (to offset uncompensated emergency care (6%). (47) In March 2000, the county reacted by drafting a proposal that would use \$8 million of its annual settlement monies to provide free mammograms, pap smears, prostate-cancer tests and immunizations for flu and other diseases. (48) Health care providers protested that \$8 million was not enough.

The initiative movement quickly gained steam. CHARTS received strong support from former Orange County Health Care Agency Director E. Thomas Uram, who stated in a press release:

With the national tobacco settlement funds, the county can now honor a commitment that pre-dates the bankruptcy, a commitment that began when the county sold its county hospital and asked private health care providers to step up to the plate.

The health care community did not want to qualify a ballot initiative over this critical issue. They spent over a year attempting to negotiate a compromise and they themselves offered legitimate alternatives that could have avoided a ballot measure altogether. The county clearly did not wish to honor its past commitment.

(47)

With this added pressure, the county again re-entered negotiations with CHARTS, and in early May a potential compromise emerged. CHARTS agreed to drop their initiative drive if the supervisors placed a compromise initiative on the ballot instead. (49) The compromise plan called for 60% of the settlement money to be for health and also mandated that the county dedicate at least \$40 million a year from the general fund to health care. In addition, CHARTS agreed to wait a week before petitioning to place the initiative on the ballot if the Board of Commissioners ordered the auditor-controller's office to begin evaluating the initiative's fiscal impact analysis. (49)

The Board of Supervisors ultimately rejected the compromise plan, voting 3-2 against it. (50) Board of Supervisors Chairman Chuck Smith, who was one of the votes against the compromise, stated, "Any attempt by health care advocates to control the General Fund expenditures for future Boards is not acceptable. Any agreement should deal with Tobacco Settlement Funds only." (51)

On May 17, opponents of the initiative drive, who argued that the measure would not provide enough money for jail construction, were dealt a significant blow when Sheriff Mike Carona indicated that he would not oppose the initiative and his assistant actually expressed support of the measure. (52) In addition, a majority of the county's elected representatives in both Sacramento and Washington expressed support for the initiative, and Supervisors Todd Spitzer and Tom Wilson both endorsed the measure. (53)

As it became more apparent how strongly opponents disliked the initiative, the CHARTS coalition and its supporters became anxious that the Board of Supervisors would securitize the first 25 years of tobacco settlement payments, thereby rendering the initiative moot. Securitization would have meant converting the tobacco settlement payments into negotiable securities for resale in the financial market, thus allowing Orange County to remove the tobacco settlement payments from its books rendering them untouchable. In June, state Senator Joe Dunn introduced legislation to prevent supervisors from committing the settlement funds in this or any other manner. (54) This bill (SB1142) prompted Orange County Supervisor Chuck Smith to make an announcement at an Assembly committee on local government that the county would not securitize the settlement funds. (55)

In late July, Orange County filed suit against the initiative in an effort to keep it from the November ballot. The lawsuit argued that the initiative, which the Supervisors reluctantly placed on the ballot on July 21 after supporters had gathered 44,000 more signatures than required to place it on the ballot and now formally called Measure H, violated the state constitution by diminishing the Board of Supervisors' authority over county funds. (53, 56) On August 30, Orange County Superior Court Judge Jack K. Mandel decided to allow Measure H onto the November ballot, stating that he did not want to abrogate the electorate's participation before it could vote on the initiative. "You're asking the judiciary to stop the people's right to vote," Mandel commented. (57)

On the first of August, Orange County Treasurer John M.W. Moorlach released another

initiative proposal, which proposed to allocate 40% of the settlement monies to debt reduction, 42% on health care and 18% to law enforcement. (58) On August 8, the Board of Supervisors voted to place this competing initiative, which became known as Measure G on the November 7 ballot despite a county attorney's opinion that it was unconstitutional.(59) Opponents of Measure G quickly argued that the initiative was bad public policy because it reduced needed health care funding to pay for past financial mistakes and debts of the Board of Supervisors. (59) In late August, a Superior Court Judge Jack K. Mandel refused to pull Measure H from the ballot noting that it was not the role of the judiciary to void ballot initiatives before they reached the voters. (58)

In late October, a poll released by California State University's Center for Public Policy found that 50% of the voters supported Measure H, while only 40% supported Measure G. (60) On November 7, 2000, Measure G lost by 393,263 (45.9%) to 464,226 (54.1%) while Measure H won by 550,227 (64.6%) to 301,264 (35.4%). (61)

Despite the defeat of Measure G and the victory of Measure H, about two weeks after the November 7 election, the Board of Supervisors voted to spend year 2000 tobacco settlement funding to pay off \$28 million in county debt. (62) This funding was justified by the Supervisors because they stated Measure H would not go into effect until July 2001. (62) This move greatly angered the health care coalition that backed Measure H who believed that the 2000 tobacco settlement money should be spent using the criteria of Measure H. (62) On November 21, 2000 the County Board of Supervisors also voted to challenge Measure H in court. (63) The County argued that the Measure was illegal because it usurped the authority of the Board of Supervisors on how to spend the tobacco settlement funds. (63) Nevertheless, backers of Measure H announced they were confident they would prevail in court. At this writing, the lawsuit is still being heard in the California court.

## **San Jose**

Another intense political battle over how to spend the tobacco settlement money occurred in the northern California city of San Jose. San Jose was one of three California cities to receive a direct payment of tobacco settlement monies as the result of filing a suit to recover Medicaid payments for smoking-related illnesses. The settlement terms indicated that the city would receive \$250 million over 25 years. (64) San Jose received national attention for its ambitious plan to use the settlement monies to fund health care for all uninsured children residing in the city. Strong opposition from the mayor's office and a divided city council led to the defeat of this proposal.

People Acting in Community Together (PACT), a coalition of local religious congregations, and Working Partnerships USA, the research affiliate of the South Bay AFL-CIO Labor Council, crafted a child health proposal in May of 2000. The plan proposed to annually spend \$6 million in tobacco settlements funds to fulfill three goals:

Find all children who qualify for state and federal programs, such as Medi-Cal and Healthy Families, and

enroll them.

Pay the modest premiums of Healthy Families insurance for those families that can't afford it.

Seek out the remaining children who don't qualify for public programs because they are either undocumented immigrants or their parents make too much money, and sign them up for private insurance policies through Kaiser Permanente or other providers. (65)

The coalition hoped that the city and Santa Clara County would adopt their budget plan and each contribute \$2 million annually for the duration of the tobacco settlement payments. (66)

Mayor Ron Gonzales favored using half of the money to fund local education, a quarter to fund anti-tobacco initiatives and a quarter to fund programs for the elderly. As the child health proposal began materializing, Gonzales scheduled a vote on this distribution formula in opposition to the new plan, but the city council voted instead to postpone voting on how to spend the money. (64, 66) At this point, six members of the 11-member council had endorsed the child health proposal.

Gonzales refused to support the child health proposal, maintaining that health care should not be a city responsibility. (65) He stated that he wanted to study the plan over several months, after which he would appoint an advisory board that would each year recommend how the city should spend the settlement money. (67) Supporters of the child health proposal felt this was an effort to dismiss their plan. A *San Jose Mercury News* editorial read:

The mayor has opposed this plan since it was suggested months ago. He originally advocated uses of the tobacco money that precluded health care proposals. Now he has moved considerably, joining four council members in proposing a citizen review procedure to evaluate all the tobacco money proposals, including his own pet project, Smart Start preschools, and including health care ideas.

Had this been his approach from the beginning, we'd have thought it was fine. As it is, it looks too much like an attempt to kill the children's health initiative by processing it to death. It's easy for a mayor to stack a committee and manipulate guidelines. (68)

The narrow six-member council majority was lost in June when Councilwoman Pat Dando withdrew her support from the proposal. Gonzales' proposal to spend over \$2.3 million in Dando's district (almost 100 times the \$25,000 he recommended spending the year before) (69) fed rumors that Dando and the Mayor had struck a deal. (70) Both Gonzales and Dando denied the rumors.

Pressure to pass the proposal increased as advocates touted the plan as an opportunity to attain "universal health care for children." (65) In just over two weeks of campaigning, Working Partnerships and PACT had mobilized thousands of supporters. Even the County demonstrated its support for the proposal by pledging \$3 million of its annual \$18 million share of the settlement. (69, 71) Furthermore, local school administrators endorsed the child health program despite the fact that the mayor's proposal would dedicate funds to local education. (72)

However, when the time came to adopt a budget, the city council rejected the proposal 6-5, refusing to dedicate the \$2 million to children's health care, and instead adopting the mayor's

formula. (69, 71) Instead, the council called for the creation of a committee which would determine how to spend the settlement money. Advocates for the initiative were forced to apply for settlement monies if they wished to receive any for child health. The application process for these grants began the following fall and distribution occurred in December 2000 and June 2001 (73). The minimum amount of these grants is \$100,000. On September 5, the City Council approved guidelines for the distribution of these grants that would give children's health a higher priority in the review process. (74)

## **Ventura County**

Another example of a major political battle over tobacco settlement funds occurred in Ventura County, which is located in Southern California, bordering the Pacific Ocean between Santa Barbara and Los Angeles Counties. The State of California allotted approximately \$250 million to Ventura County, to be paid over a period of 25 years. The County received the first payment of \$10.4 million in February 2000.(75) The Board of Supervisors used \$3.1 million of the first installment to pay off a fine from the federal government for fraudulent Medicare billing and placed the remainder into the general fund to protect against a county budget deficit. (76, 77)

In March, 2000, the Community Memorial Hospital (CMH) of San Buenaventura launched an initiative drive, which would have directed the entire \$250 million to fund private hospitals of Ventura County. The initiative was drafted with the assistance of the top California tobacco industry lobbying firm of Nielsen, Merksamer, Parrinello, Mueller and Naylor of Mill Valley, which has received \$2.5 million from the industry in the past twenty years. (78) (79) According to the California Nurse's Association, Nielsen, Merksamer, Parrinello, Mueller and Naylor played:

a key role in developing a behind-the-scenes strategy to divert millions of dollars out of California's smoking prevention programs. CMH hired the law firm to help them in their efforts to divert public funds won in the lawsuit against the tobacco companies to private hospitals. In a Ventura County Star report, July 11, hospital industry spokesperson, Jim Lott claimed, 'The fact that the law firm (of Nielsen, Merksamer, et al) may have slept with the devil in the past doesn't have anything to do with their work in this initiative.' The Coalition remains convinced otherwise as members struggle against Measure O on modest resources. (79)

The initiative proposed to fund private health care for the elderly, working poor, indigent, children and uninsured patients, as well as to nursing scholarships, child immunizations, and school-based smoking prevention programs. (75) A Commission was to be appointed by the County Supervisors to ensure the money was spent accordingly; this Commission was to include board members and physicians from each of the county's nine acute care hospitals. (75)

The proposed initiative did not allocate money to Ventura County Medical Center, due to CMH's opinion that the county hospital receives enough funding from state and federal sources to provide care for the uninsured. Other hospitals included in the initiative's spending plan, such as Simi Valley Hospital, St. John's Regional Medical Center in Oxnard and St. John's Pleasant Valley Hospital in Camarillo (80), supported the initiative although they initially disapproved of excluding the county hospital. (81) While the initiative drive continued, the private hospital

entered negotiations with the County's interim Chief Administrative Officer Harry Hufford to explore an alternative distribution of the tobacco funds, such as a contract arrangement, which would include the county hospital. (81)

The Board of Supervisors denounced the initiative drive as an attempt to bankrupt the county hospital and thereby remove Community Memorial Hospital's main competitor. (82) These suspicions originated from a previous attempt by CMH to weaken the County Hospital; in 1996, CMH spent approximately \$1.3 million to prevent the county from constructing additions to Ventura County Medical Center. (83) The Board of Supervisors also questioned the CMH initiative's legality, asserting that it violated state law by removing budgetary discretion from the Board of Supervisors. (80) On March 28, the Board requested that county attorneys file an injunction to block the initiative from the November ballot. (82)

On May 18, CMH was notified that its initiative petition had gathered enough signatures to qualify for the November ballot. Final approval allowing the initiative to be placed on the ballot was to come from the Ventura Board of Supervisors at their next Board meeting in June. In mid-June, the Ventura County Grand Jury released a report attacking the initiative titled "Who Provides Inpatient Indigent Care in Ventura County?" that concluded that the Ventura County Medical Center provided 90.8% of the county's indigent care. (84) CMH spokesman Mark Barnhill attacked the report, asserting that the conclusions were based on outdated and incomplete information. (84) Less than a week later, a report issued by the County Counsel and Chief Administrative offices also condemned the initiative as an attempt by CMH to shut down the county hospital and questioned the legality of taking public funds from public entities and giving them to private entities. (81) The report was delivered to the Board of Supervisors on June 20. That same day, the supervisors voted unanimously against approving the initiative for the November ballot and furthermore filed a lawsuit in Ventura County Superior Court challenging the legal validity of the initiative. (85)

In response, officials at the private hospitals benefitting from the initiative refused further negotiations with the county. Jim Lott, executive vice president of the Healthcare Association of Southern California stated, "This decision by the supervisors is galvanizing them [the other private hospitals] even more behind Community Memorial's position." (86) Officials at these hospitals felt that the county broke faith by taking the matter to court. CMH threatened to sue over the supervisors' refusal to put the measure on the ballot, and even County Clerk Richard Dean protested against this action. On July 6, Dean petitioned the Ventura County Superior Court for permission to solicit information about the initiative to distribute to voters in case the measure was declared legal. (87) The County Supervisors emphatically opposed Dean's petition; Supervisor Frank Schillo went so far as to threaten Dean's budget: "I might not vote to give him more money if he wastes it on this." (87)

At the end of June, CMH sued the county for refusing to place the initiative on the ballot. (87) On July 7, Superior Court Judge Henry Walsh announced his decision that County Clerk Dean be allowed to begin the necessary paperwork for the initiative should the initiative be declared legal. (88)

During the same week, the County took action by filing a lawsuit in Ventura County Superior Court asserting that the initiative was unconstitutional because it would allow private interests control over county funds. (89) CMH reacted by filing a court petition on July 14, charging that the County presented an insufficient argument to prevent the initiative from appearing on the ballot. (89) Arguments for the lawsuit were scheduled for July 24.

As the dispute escalated, the county decided to impound the \$7.3 million left from the 1999 installment of the settlement funds as well as the full 2000 installment of \$8 million. (90) CMH accused the supervisors of campaigning against the initiative (which as elected representatives they are legally prohibited from doing) when the county instigated a U.S. Postal Service investigation into whether CMH inappropriately used their non-profit postage rates for initiative campaign mailers. (91)

On July 25, the day after arguments were heard in court, the Board of Supervisors voted unanimously to adopt a health care plan funded by the \$260 million in tobacco settlement funds. (92) Although the details had not yet been determined, it seemed obvious that the County was responding to fears of wasteful spending of the tobacco settlement funds.

By July 28, CMH had spent over \$500,000 pushing its initiative (83, 93). At this point, no other private hospitals contributed to expenses of the initiative campaign allowing the CMH full control over the campaign strategy. (83)

Meanwhile, another coalition was forming against the initiative: the Coalition Against the Hospital Initiative or the Coalition Against Measure O. It consisted of organizations such as the American Lung Association, American Cancer Society, League of Women Voters, League of United Latin American Citizens, Ventura County Medical Society, and National Alliance for the Mentally Ill. (94) David Maron, former director of the Camarillo Health Care District chaired the coalition. In August, the coalition began holding demonstrations outside the private hospitals supporting the initiative. (94) The hospitals accused the Board of Supervisors of conjuring up the coalition and directing its activities, as the supervisors themselves were prohibited from campaigning against the initiative. Maron denied these accusations. (94)

On July 28, Superior Court Judge Henry Walsh ruled that the initiative qualified for the November ballot. In his decision, Walsh warned that although the initiative qualified, he was doubtful that if passed, it would withstand a legal challenge. The lawsuit charged that the initiative represented an illegal gift of public funds, that it created an illegal commission to control how the funds were distributed, and that it interfered with the county budget process. (95) Responding to these charges, Walsh wrote in his ruling, "Each and all of them have created in this court's mind serious or grave doubts as to the legality of the initiative. However, grave doubts are not a sufficient basis for keeping an initiative off the ballot which has otherwise qualified to be on the ballot." (95)

In another attempt to block the initiative, the Board of Supervisors had asked the county auditor to assess the potential financial impact of the initiative. On August 11, the auditor's

office released its conclusions: the county would lose the \$15.3 million figured into the 2000-01 budget and it would also have to reimburse the general fund for the \$3.1 million it already paid in fines for Medicare misbilling. (96) The report was expected to be included in the sample ballot sent out to voters.

A representatives for CMH denounced the report as a “partisan political document masquerading as impartial analysis.” (96) Less than a week afterward, CMH filed suit to change the wording of the sample ballot statements, which they believed was biased. Among other assertions, the suit charged that the auditor’s report was “untrue and argumentative” because it suggested that if the initiative passed, the county would have to cut \$18.4 million from its next budget. (97, 98)

Ventura County Superior Court Judge Henry Walsh reworded the sample Measure O ballot on August 30. He agreed with CMH’s objection that the analysis did not include any mention of the words “health care” although the purpose of Measure O was to fund health care at several private hospitals. Walsh inserted the words into the ballot and also edited a portion of the ballot which suggested the terms of the initiative would be permanent by changing the word “forever” to “now and in the future.” (99) However, the judge also sided with the county; he refused to change the auditor’s estimation that if Measure O passed the county would have to cut \$18.4 million from the budget. He also refused to alter a statement which explained that there would be no way to ensure monitoring of the settlement funds if given to the private hospitals. (99)

Shortly before the ruling, CMH-sponsored radio advertisements began airing. The 60-second advertisements berated the County Supervisors for not spending the settlement funds on health care and instead using the money to pay a fine for Medicare misbilling. The advertisements even mention the FBI’s investigation of the latter issue, strongly implying the County is incapable of using the settlement funds wisely. (100)

In late October, the *Los Angeles Times* reported that campaign finance reports indicated that CMH had spent \$2,155,840 on Measure O; mostly on numerous radio ads and almost daily mailings. (101) By comparison, opponents of Measure O had spent \$791,747. (101) By early November CMH had contributed about another \$555,000 representing a final spending total of about \$2.7 million to pass Measure O. (102) By contrast, the opponents final spending total was about \$994,000. (102)

Despite the proponents of Measure O outspending opponents by close to 3 to 1, on November 7, 2000 Measure O was overwhelmingly defeated by 84,524 (32.0%) to 179,250 (68.0%). (103)

## **MASTER SETTLEMENT AGREEMENT ENFORCEMENT**

The tobacco Master Settlement Agreement (MSA) and the Smokeless Tobacco Master Settlement Agreement (STMSA) were executed on November 23, 1998 concluding litigation



against the major tobacco companies, the Tobacco Institute, and the Center for Clean Indoor Air that had been filed by California on behalf of Medicaid recipients who became ill or died due to tobacco use. The final consent decree awarded California 12.76% of the total amount to be paid to the 46 states, five territories, and the District of Columbia and also mandated certain restrictions on tobacco company advertising, marketing, and promotions. Unlike many other states, California did not hire private attorneys to pursue this litigation, but rather created a new Tobacco Litigation Section in the California Attorney General's Office. (104)

In the first two years of enforcement of these restrictions the California Attorney General's Office has conducted several enforcement actions. In the fall of 1999, the California Attorney General's Office sent R. J. Reynolds a thirty day notice for allegedly violating promotional restrictions at automobile racing events. (104) As a result of this action, R.J. Reynolds signed an agreement to restrict the display of advertising and promotional items at booths at automobile racing events. (104)

On December 6, 2000 California also reached a settlement with the United States Tobacco Company for distributing tobacco promotion coupons in a California State University, San Diego student newspaper. (105) Under the terms of the agreement the United States Tobacco agreed not to place tobacco coupons in any free newspaper at the university in the future and to pay \$150,000 for investigative costs and for anti-tobacco advertisements that was published in the student newspaper on November 29, November 30, and December 4, 2000. (105)

In the most recent enforcement settlement, California settled with R.J. Reynolds regarding the distribution of free cigarette samples through the mail in which minors may gain access to the samples. (106) Under the terms of the settlement, R.J. Reynolds agreed to mail cigarette samples to individuals who had given prior written consent to receive the cigarettes for evaluation or testing. (106) R. J. Reynolds was required to ensure that the person receiving the cigarettes was an adult. (106)

## **CONCLUSION**

In the early and mid-1990s, Republican Governor Pete Wilson engaged in a relentless campaign to weaken Proposition 99. The result was an estimated 15,000 more deaths from heart disease occurring than if the program had been allowed to maintain the same degree of effectiveness that occurred in its early years under Republican Governor George Deukmejian.

In the first years of Democratic Governor Gray Davis, Davis continued the Wilson's Administration's program of weakening tobacco control efforts in California by maintaining the cumbersome approval process for tobacco control advertising and other activities and by opposing substantial increases in funding from tobacco settlement funds to significantly increase the size and aggressiveness of California's tobacco control program. It was only after considerable public pressure by organized health groups through highly visible newspaper advertisements holding Davis publicly accountable for his actions, that Davis relented in 2000 and returned to the highly successful media campaign that exposed the tobacco industry's tactics

of manipulating people to smoke and ignore the dangers of secondhand smoke. Davis, for the first time also agreed to allocate \$15 million for anti-tobacco efforts.

While the quality of the program has improved, the Davis Administration's reluctance to increase the magnitude of the program in accordance with CDC and TEROC recommended comprehensive funding for tobacco control means that the state will continue to exhibit less progress in reducing tobacco use than it would with the policy freedom and level of funding that was present during the early years of the program, when George Deukmejian was governor.

As a result, while some progress has been made on reversing the setbacks for tobacco control during the Wilson era, particularly because the voters have continued to support increased tobacco taxes, California has not regained the position of world leadership on tobacco control it held in the early 1990s. The refusal of the Davis Administration to give the program policy and budget priority has left the program stalled and adrift. As a result, thousands of people are dying and will die unnecessarily.

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## APPENDIX A. CONTRIBUTIONS MADE TO LEGISLATORS AND CANDIDATES IN 1999-2000

Legislator	A/S	Party	Dist	1976-1996	1997-1998	B/W	PM	RJR	STC	CDA	TI	UST	LOR	Others	1999-2000	Tobacco
													PAC	Policy		
														Score		
Aanestad, Sam	A	R	3	\$0	\$0			\$500							\$500	3.0
Ackerman, Dick	A	R	72	\$1,000	\$24,000		\$27,500	\$3,750		\$2,705					\$33,955	1.5
Alarcon, Richard	S	D	20	\$0	\$500										\$0	8.0
Alpert, Deirdre	S	D	39	\$7,500	\$0		\$10,000			\$2,750					\$12,750	7.5
Alquist, Elaine	A	D	22	\$0	\$0										\$0	7.7
Aroner, Dion	A	D	14	\$0	\$0										\$0	8.3
Ashburn, Roy	A	R	32	\$1,000	\$40,500		\$10,750	\$1,500							\$12,250	2.0
Baca, Joe	S	D	32	\$11,600	\$8,100			\$2,302							\$2,302	---
Baldwin, Steve	A	R	77	\$5,000	\$1,500			\$1,000							\$1,000	1.7
Bates, Patricia	A	R	73	\$0	\$0		\$5,000	\$1,250		\$500			\$2,500		\$9,250	6.3
Battin, Jim	A	R	80	\$4,000	\$2,000		\$17,500	\$3,000							\$20,500	2.3
Baugh, Scott	A	R	67	\$2,000	\$59,000		\$90,000								\$90,000	1.3
Bock, Audrey	A	I	16	\$0	\$0										\$0	6.5
Bowen, Debra	S	D	28	\$1,000	\$0										\$0	7.7
Brewer, Marilyn	A	R	70	\$29,426	\$26,400	\$1,000	\$2,500	\$2,000		\$1,000					\$6,500	2.0
Briggs, Mike	A	R	29	\$0	\$0		\$2,000	\$1,500							\$3,500	2.5
Brown, Dennis	A	R	67	\$0	\$0			\$500							\$500	---
Brulte, James	S	R	31	\$69,625	\$3,495	\$2,000	\$65,000	\$8,500							\$75,500	2.8
Burton, John	S	D	3	\$6,150	\$1,000					\$4,000					\$4,000	9.0
Calderon, Thomas	A	D	58	\$0	\$0	\$2,000	\$5,000	\$5,000					\$1,000		\$13,000	4.3
Campbell, Bill	A	R	71	\$1,000	\$1,500		\$12,500	\$4,250				\$1,000	\$15,000		\$32,750	3.0
Campbell, John	A	R	70	\$0	\$0		\$7,000	\$1,000							\$8,000	---
Canciamilla, Joe	A	D	11	\$0	\$0		\$7,500								\$7,500	---
Cardenas, Tony	A	D	39	\$1,000	\$0	\$2,000	\$5,000								\$7,000	6.0
Cardoza, Dennis	A	D	26	\$12,750	\$1,250	\$6,000	\$64,500	\$3,000							\$73,500	6.3
Cedillo, Gil	A	D	46	\$0	\$0										\$0	5.8
Chavez, Edward	A	D	57	\$0	\$0		\$10,000								\$10,000	---
Chesbro, Wesley	S	D	2	\$0	\$0										\$0	8.0
Cogdill, Dave	A	R	25	\$0	\$0		\$20,000								\$20,000	---
Corbett, Ellen	A	D	18	\$0	\$0										\$0	7.0
Correa, Lou	A	D	69	\$0	\$0		\$5,000								\$5,000	6.0
Costa, Jim	S	D	16	\$49,750	\$7,000	\$3,000	\$15,000	\$2,000					\$1,000		\$21,000	4.5
Cox, Dave	A	R	5	\$0	\$0		\$15,000	\$1,750							\$16,750	2.3
Cunneen, Jim	A	R	24	\$500	\$500										\$0	5.0
Daucher, Lynn	A	R	72	\$0	\$0		\$2,500								\$2,500	---
Davis, Susan	A	D	76	\$0	\$0										\$0	8.0
Dickerson, Dick	A	R	2	\$0	\$0		\$20,000	\$2,500							\$22,500	3.0
Ducheny, Denise	A	D	79	\$6,120	\$1,000		\$2,500	\$1,000		\$2,000		\$1,000			\$6,500	5.3
Dunn, Joseph	S	D	34	\$0	\$0		\$8,000								\$8,000	7.8
Dutra, John	A	D	20	\$0	\$0										\$0	5.5
Escutia, Martha	S	D	30	\$500	\$0										\$0	8.3
Figueroa, Liz	S	D	10	\$500	\$0										\$0	7.3
Firebaugh, Marco	A	D	50	\$1,100	\$0	\$2,000	\$12,500						\$1,000		\$15,500	6.7
Florez, Dean	A	D	30	\$0	\$0								\$750		\$750	6.0
Floyd, Richard	A	D	55	\$94,216	\$6,000	\$1,000	\$10,000	\$2,000		\$1,500		\$1,000			\$15,500	2.7
Frusetta, Peter	A	R	28	\$0	\$0										\$0	2.0
Gallegos, Martin	A	D	57	\$4,550	\$0							\$2,000			\$2,000	6.0
Granlund, Brett	A	R	65	\$33,448	\$27,250	\$1,000	\$10,000	\$3,000		\$500					\$14,500	0.0
Harman, Tom	A	R	67	\$0	\$0		\$4,500	\$1,000							\$5,500	---
Havice, Sally	A	D	56	\$500	\$0										\$0	6.0
Hayden, Tom	S	D	23	\$0	\$0										\$0	9.7
Haynes, Ray	S	R	36	\$12,500	\$6,750		\$10,000	\$1,000							\$11,000	1.8

Legislator	A/S	Party	Dist	1976-1996	1997-1998	B/W	PM	RJR	STC	CDA	TI	UST	LOR	Others	1999-2000	Tobacco	Policy	Score
Hertzberg, Robert	A	D	40	\$0	\$0	\$2,000				\$1,000					\$3,000		6.7	
Hollingsworth, Dennis	A	R	66	\$0	\$0		\$5,000					\$250			\$5,250		---	
Honda, Mike	A	D	23	\$0	\$0										\$0		7.0	
House, George	A	R	25	\$4,500	\$500										\$0		2.0	
Hughes, Teresa	S	D	25	\$7,750	\$0										\$0		7.5	
Jackson, Hannah-Beth	A	D	35	\$0	\$0										\$0		7.5	
Johannessen, Maurice	S	R	4	\$2,500	\$750			\$1,500				\$1,000			\$2,500		2.3	
Johnson, Ross	S	R	35	\$84,250	\$111,500	\$10,000	\$68,000	\$5,000							\$83,000		1.7	
Johnston, Patrick	S	D	5	\$16,500	\$0										\$0		4.8	
Jones, Damian	A	R	44	\$0	\$0		\$10,000								\$10,000		---	
Kaloogian, Howard	A	R	74	\$11,750	\$2,000			\$1,500							\$1,500		3.0	
Karnette, Betty	S	D	27	\$0	\$0										\$0		6.7	
Keeley, Fred	A	D	27	\$0	\$0										\$0		6.5	
Kelley, David G.	S	R	37	\$17,250	\$0		\$5,000	\$2,750							\$7,750		4.0	
Knight, William	S	R	17	\$13,500	\$500			\$1,500							\$1,500		0.3	
Knox, Wally	A	D	42	\$0	\$0										\$0		9.3	
Kuehl, Sheila	A	D	41	\$0	\$0										\$0		8.0	
LaSuer, Jay	A	R	77	\$0	\$0		\$7,500								\$7,500		---	
Leach, Lynne	A	R	15	\$2,500	\$0			\$750							\$750		2.0	
Lempert, Ted	A	D	21	\$0	\$0										\$0		6.7	
Leonard, Bill	A	R	63	\$21,000	\$82,250		\$7,500	\$1,500							\$9,000		1.7	
Leslie, Tim	S	R	1	\$38,000	\$5,000		\$5,000	\$2,500							\$7,500		2.0	
Lewis, John	S	R	33	\$28,750	\$3,000			\$2,000							\$2,000		2.0	
Longville, John	A	D	62	\$0	\$0		\$7,500								\$7,500		4.0	
Lowenthal, Alan	A	D	54	\$0	\$0										\$0		6.5	
Machado, Mike	A	D	17	\$5,750	\$27,500	\$6,000	\$67,344	\$6,000					\$1,000		\$80,344		5.0	
Maddox, Ken	A	R	68	\$0	\$0		\$10,750	\$1,250							\$12,000		5.5	
Maldonado, Abel	A	R	33	\$0	\$0			\$2,250							\$2,250		5.5	
Margett, Bob	A	R	59	\$3,000	\$1,400		\$5,000	\$3,750							\$8,750		2.0	
Matthews, Barbara	A	D	17	\$0	\$0		\$10,000			\$1,500					\$11,500		---	
Mazzoni, Kerry	A	D	6	\$0	\$0										\$0		7.0	
McClintock, Tom	A	R	38	\$3,500	\$1,000		\$10,000	\$2,750				\$568			\$13,318		2.0	
McDonald, Keith	A	D	55	\$0	\$0	\$500									\$500		---	
McPherson, Bruce	S	R	15	\$0	\$0		\$5,000			\$1,000					\$6,000		6.3	
Migden, Carole	A	D	13	\$0	\$0		\$25,000								\$25,000		6.5	
Monteith, Dick	S	R	12	\$1,750	\$0			\$2,000							\$2,000		2.0	
Morrow, Bill	S	R	38	\$22,250	\$5,500		\$21,000	\$1,000							\$22,000		2.0	
Mountjoy, Dennis	A	R	59	\$0	\$0		\$4,500	\$1,000							\$5,500		0.7	
Mountjoy, Richard	S	R	29	\$19,750	\$0			\$1,500							\$1,500		0.7	
Murray, Kevin	S	D	26	\$10,000	\$500	\$3,000	\$9,000	\$2,000					\$1,000		\$15,000		4.3	
Nakano, George	A	D	53	\$0	\$0										\$0		5.5	
Nation, Joseph	A	D	6	\$0	\$0							\$500			\$500		---	
O'Connell, Jack	S	D	18	\$22,500	\$0										\$0		7.0	
Olberg, Keith	A	R	34	\$27,000	\$26,250		\$5,000	\$4,000				\$1,250			\$10,250		2.0	
Oller, Rico	A	R	4	\$2,000	\$1,000		\$27,500	\$2,000							\$29,500		0.7	
Ortiz, Deborah	S	D	6	\$0	\$0										\$0		7.5	
Pacheco, Robert	A	R	60	\$0	\$0		\$10,000	\$2,500							\$12,500		4.0	
Pacheco, Rod	A	R	64	\$2,500	\$500		\$2,500	\$4,500							\$7,000		4.7	
Papan, Lou	A	D	19	\$34,000	\$33,000	\$2,000	\$15,000	\$7,250		\$500			\$1,000		\$25,750		2.3	
Peace, Steve	S	D	40	\$35,000	\$6,000	\$3,000	\$15,000			\$2,000			\$1,000		\$21,000		4.3	
Perata, Don	S	D	9	\$0	\$0										\$0		6.5	
Pescetti, Anthony	A	R	10	\$0	\$0		\$16,000	\$1,500		\$750					\$18,250		3.7	
Polanco, Richard	S	D	22	\$54,400	\$7,000	\$3,000	\$10,000	\$5,500					\$1,000		\$19,500		4.3	

Legislator	A/S	Party	Dist	1976-1996	1997-1998	B/W	PM	RJR	STC	CDA	TI	UST	LOR	Others	1999-2000	Tobacco	Policy	Score
Poochigian, Charles	S	R	14	\$7,500	\$0		\$5,000	\$2,000							\$7,000			2.8
Rainey, Richard	S	R	7	\$6,250	\$0										\$0			4.7
Reyes, Sarah	A	D	31	\$0	\$0		\$10,000								\$10,000			7.3
Romero, Gloria	A	D	49	\$0	\$0										\$0			5.0
Runner, George	A	R	36	\$1,000	\$1,250		\$10,000	\$1,500							\$11,500			4.5
Schiff, Adam	S	D	21	\$0	\$0										\$0			9.0
Scott, Jack	A	D	44	\$0	\$0										\$0			7.0
Shelley, Kevin	A	D	12	\$0	\$0										\$0			7.0
Sher, Byron D.	S	D	11	\$0	\$0										\$0			8.8
Simitian, Joe	A	D	21	\$0	\$0		\$2,500								\$2,500			---
Solis, Hilda	S	D	24	\$500	\$0										\$0			8.0
Soto, Nell	A	D	61	\$0	\$0	\$2,000	\$15,000			\$750	\$1,000	\$1,000			\$19,750			5.5
Speier, Jackie	S	D	8	\$0	\$0										\$0			8.5
Steinberg, Darrell	A	D	9	\$0	\$0										\$0			8.5
Strickland, Tony	A	R	37	\$0	\$0	\$2,000	\$10,000	\$1,500					\$1,000		\$14,500			1.0
Strom-Martin, Virginia	A	D	1	\$0	\$0										\$0			8.0
Thompson, Bruce	A	R	66	\$500	\$0										\$0			4.0
Thomson, Helen	A	D	8	\$0	\$0		\$5,000								\$5,000			7.7
Torlakson, Tom	A	D	11	\$0	\$0										\$0			8.8
Vargas, Juan	A	D	79	\$0	\$0							\$500			\$500			---
Vasconcellos, John	S	D	13	\$20,000	\$0										\$0			7.0
Vazquez, Tony	A	D	41	\$0	\$0							\$1,000			\$1,000			---
Villaraigosa, Antonio	A	D	45	\$3,500	\$0										\$0			6.3
Vincent, Edward	A	D	51	\$1,000	\$6,000	\$2,000	\$30,000	\$4,000				\$1,000	\$1,000		\$38,000			1.7
Washington Jr., Carl	A	D	52	\$2,500	\$0										\$0			---
Wayne, Howard	A	D	78	\$0	\$0										\$0			7.3
Wesson, Herb	A	D	47	\$0	\$0	\$1,000	\$10,000			\$5,692					\$16,692			7.0
Wiggins, Patricia	A	D	7	\$0	\$0		\$2,500								\$2,500			5.3
Wildman, Scott	A	D	43	\$0	\$0										\$0			5.0
Wright, Cathie	S	R	19	\$40,000	\$750										\$0			---
Wright, Roderick	A	D	48	\$37,250	\$31,500	\$2,000	\$14,000	\$4,000					\$750		\$20,750			4.0
Wyland, Mark	A	R	74	\$0	\$0		\$4,500								\$4,500			---
Wyman, Phil	A	R	34	\$0	\$0			\$1,000							\$1,000			---
Zettel, Charlene	A	R	75	\$0	\$0										\$0			4.0
<b>TOTAL</b>				<b>\$968,385</b>	<b>\$572,395</b>	<b>\$58,500</b>	<b>\$979,344</b>	<b>\$137,052</b>	<b>\$0</b>	<b>\$28,147</b>	<b>\$0</b>	<b>\$12,068</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$1,245,111</b>			

ONE IN A SERIES

# On March 7, over 70% of voters said to keep making Big Tobacco pay. *Is Sacramento listening?*

With Prop. 28, California voters had a chance to let up on tobacco. 72% of voters said no. Likely voters have also been polled to see if money from the Tobacco Settlement should be dedicated to battling tobacco. By the same margin, they said yes.

But our elected officials may not have heard.

Governor Gray Davis' proposed budget doesn't allow a dime of the approximate \$400 million the State got from the Tobacco Settlement this year to supplement the state Prop. 99-funded tobacco control programs — programs that have cut consumption in half, reduced heart, lung, cancer and other diseases, and saved \$8 for every \$1 spent.



California's tobacco control efforts used to be a national model. But today, California is spending far less than the minimum recommended by the Centers for Disease Control for a state our size. Meanwhile, the tobacco companies are expected to spend \$500 million this year alone to push their products in California. We've already learned what happens when California stops fighting back. More kids start smoking. Fewer adults quit. And medical costs climb.

The non-partisan Tobacco Education and Research Oversight Committee (TEROC) has proposed that the State should add 20% of its Tobacco Settlement share — \$105 million — to next year's tobacco control budgets. We agree. Let's put the Tobacco Settlement to work the way voters want. Visibly. Effectively. Saving money. *Saving lives.*

American Heart  
Association  
Fighting Heart Disease and Stroke  
Western States Affiliate

AMERICAN LUNG ASSOCIATION OF CALIFORNIA  
AMERICAN CANCER SOCIETY, CALIFORNIA DIVISION  
AMERICANS FOR NONSMOKERS' RIGHTS  
AMERICAN ASSOCIATION OF RETIRED PERSONS

www.PublicMediaCenter.org

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With Prop. 28, California voters had a chance to let up on tobacco.

72% of voters said no.

Likely voters have also been polled to see if money from the Tobacco Settlement should be dedicated to battling tobacco.

By an even greater margin, they said yes. But our elected officials may not have heard.

Governor Gray Davis' proposed budget doesn't allow a dime of the approximate \$400 million the State got from the Tobacco Settlement this year to supplement the state Prop. 99-funded tobacco control programs—programs that have cut consumption in half, reduced heart, lung, cancer and other diseases, and saved \$8 for every \$1 spent.

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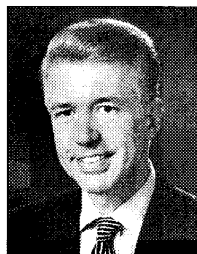
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Saving lives.



When he was Lt. Governor, Gray Davis filed suit against Big Tobacco—and ran for Governor promising aggressive action. Will he follow through?



Americans for Nonsmokers' Rights



Governor Gray Davis

I agree with leading health groups and more than 80% of state voters that a portion of California's Tobacco Settlement should be used the way the original 1996 lawsuit intended—to prevent tobacco addiction and death. Big Tobacco spends \$1.5 million a day in our state to hook teen smokers and keep adults addicted. Fight back by investing \$105 million more from the Tobacco Settlement in anti-smoking programs.

Prevent tobacco addiction and death in California by investing 20% of the state's Tobacco Settlement the way voters want—in the state's effective anti-tobacco programs. Last year, Gov. Davis vetoed the bill you supported to set up a Tobacco Settlement Trust to fund these programs. This year, I urge you to use your legislative power to make sure the state budget honors the intent of the original lawsuit against Big Tobacco.

Please forward these coupons. I support your efforts to hold public officials accountable for spending tobacco settlement revenues to prevent addiction and death. As a taxpayer, I am outraged that my taxes are still used to subsidize Big Tobacco. It's only right to use the tobacco industry's own money to pay for effective anti-tobacco programs.

Add me to the statewide network of Californians who want to keep the pressure on Big Tobacco.

State Senate President pro Tem Burton & Assembly Speaker Hertzberg

American Heart Association  
P.O. Box 160726  
Sacramento, CA 95816

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/STATE/ZIP \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/STATE/ZIP \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/STATE/ZIP \_\_\_\_\_

www.publicactioncenter.org

# 84% of California voters want Tobacco Settlement funds to battle tobacco.

## *Will Sacramento listen?*

California's voters understand the intent of the giant Tobacco Settlement. It's to help make up for years of tobacco illness and death caused by the tobacco industry's deception and lies. And to help make sure another generation doesn't get addicted and pay the same price.

In a recent poll, 84% of likely voters agreed that money received by the state should be spent on programs to help more adults stop smoking and prevent young people from starting.

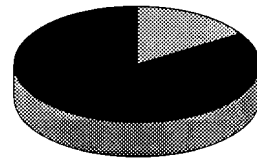
82% agreed that the Governor and Legislature should allocate at least 25% of the annual payout to strengthen the state's anti-tobacco education and prevention program.

As a matter of fact, the legislatively mandated Tobacco Education Research Oversight Committee recommends that 20% of the settlement revenue—\$105 million a year—be dedicated to California programs that have cut tobacco consumption in half, reduced heart and lung disease and cancer, and saved \$8 for every \$1 invested.

So far, however, not a dime of the Tobacco Settlement has been earmarked for California's comprehensive, integrated anti-tobacco program. With Big Tobacco still spending an estimated \$1.5 million a day to *promote* smoking in our state, voters may soon begin to wonder if our elected officials will battle the tobacco industry. It's time for policymakers to do the right thing and the smart thing.

Get California's tobacco control program moving again and put the Tobacco Settlement to work the way voters expect.

Visibly. Effectively. Saving money. *Saving lives.*



*In a state as diverse as California, 84% represents powerful public consensus. Will the budget reflect it?*

American Heart Association  
Fighting Heart Disease and Stroke  
Western States Affiliate

AMERICAN LUNG ASSOCIATION OF CALIFORNIA  
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AMERICANS FOR NONSMOKERS' RIGHTS  
AARP

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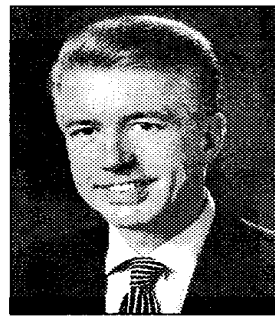
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Get California's tobacco control program moving again and put the Tobacco Settlement to work the way voters expect.

Visibly. Effectively. Saving money. *Saving lives.*



*Governor Davis was elected as the anti-tobacco candidate. 84% represents a powerful public consensus that shows he has the support to fight tobacco use. Will the Governor's budget reflect it?*



*Americans for Nonsmokers' Rights*



<p><b>Governor Gray Davis:</b></p> <p>I agree with leading health groups and more than 80% of state voters that a portion of California's Tobacco Settlement should be used the way the original 1996 lawsuit intended—to prevent tobacco addiction and death. Big Tobacco spends \$1.5 million a day in our state to hook teen smokers and keep adults addicted. Fight back by investing \$105 million more from the Tobacco Settlement in anti-smoking programs.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p>	<p><b>State Senate President pro Tem Burton &amp; Assembly Speaker Hertzberg:</b></p> <p>Prevent tobacco addiction and death in California by investing 20% of the state's Tobacco Settlement the way voters want—in the state's effective anti-tobacco programs. Last year, Governor Davis vetoed the bill you supported to set up a Tobacco Settlement Trust to fund these programs. This year, I urge you to use your legislative power to make sure the state budget honors the intent of the original lawsuit against Big Tobacco.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p>	<p><b>American Heart Association</b></p> <p><input type="checkbox"/> Please forward these coupons. I support your efforts to hold public officials accountable for spending tobacco settlement revenues to prevent addiction and death. As a taxpayer, I am outraged that my taxes are still used to subsidize Big Tobacco. It's only right to use the tobacco industry's own money to pay for effective anti-tobacco programs.</p> <p><input type="checkbox"/> Add me to the statewide network of Californians who want to keep the pressure on Big Tobacco.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p>
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Fill out coupons and mail to: American Heart Association, P.O. Box 160126, Sacramento, CA 95816.

www.heart.org

# What happened to California's Tobacco Control Program?

*Lost time costs money...and lives.*

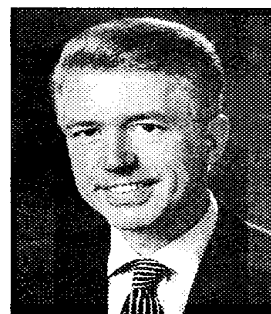
Once, California had America's most successful anti-tobacco program. Funded by Prop 99 tobacco taxes, it took on the tobacco industry directly. Smoking rates in California fell faster than in any other state. Then Governor Wilson diverted the money and censored the campaign. And the tide reversed.

Naturally, when Gray Davis was elected, we were optimistic that California would regain its lead. Encouragingly, he ended censorship and revived anti-tobacco ads Governor Wilson had killed.

Now, mysteriously, all progress has stopped. No new ads have been released in over a year. The Governor actually vetoed a bill to use Tobacco Settlement funds for anti-tobacco programs. He hasn't even told Alcoholic Beverage Control to enforce smoke-free bar rules.

The longer the delay, of course, the more kids will start smoking and the fewer adults will be helped to quit. That means more disease and death in the future, at enormous taxpayer expense. Already, more California retailers are selling tobacco to kids—the first jump in five years, according to the Department of Health Services.

Until Governor Davis gets California's anti-tobacco program moving again—and adds \$105 million in Tobacco Settlement money to the effort, as voters clearly expect—Big Tobacco wins. It's time to restore California's anti-tobacco leadership. It's time for Governor Davis to act.



*Gray Davis was elected as the anti-tobacco candidate, yet the state's program is stalled and underfunded.*



*Americans for Nonsmokers' Rights*



**Governor Gray Davis:**

I agree with leading health groups and more than 80% of state voters that a portion of California's Tobacco Settlement should be used the way the original 1996 lawsuit intended—to prevent tobacco addiction and death. Big Tobacco spends \$1.5 billion a day in our state to hook teen smokers and keep adults addicted. Fight back by investing \$105 million from the Tobacco Settlement in anti-smoking programs.

NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY/STATE/ZIP \_\_\_\_\_

**State Senate President pro Tem Burton & Assembly Speaker Hertzberg:**

Prevent tobacco addiction and death in California by investing 20% of the state's Tobacco Settlement the way voters want—in the state's effective anti-tobacco programs. Last year, Governor Davis vetoed the bill you supported to set up a Tobacco Settlement Trust to fund these programs. This year, I urge you to use your legislative power to make sure the state budget honors the intent of the original lawsuit against Big Tobacco.

NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY/STATE/ZIP \_\_\_\_\_

**American Heart Association**

Please forward these coupons. I support your efforts to hold public officials accountable for spending tobacco settlement revenues to prevent addiction and death. As a taxpayer, I am outraged that my taxes are still used to subsidize Big Tobacco. It's only right to use the tobacco industry's own money to pay for effective anti-tobacco programs.

Add me to the statewide network of Californians who want to keep the pressure on Big Tobacco.

NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY/STATE/ZIP \_\_\_\_\_

Fill out coupons and mail to: American Heart Association, P.O. Box 160126, Sacramento, CA 95816.

call www.heartofcalifornia.org



*[Instead of protecting the people of California...]*

# Why has Gov. Davis hijacked California's tobacco settlement?

Last year, when California won a gigantic settlement from Big Tobacco, taxpayers naturally expected at least some of the money would be used the way the lawsuit intended: to help make California tobacco-free.

But that's not how it's turned out.

Governor Davis actually vetoed a bill that dedicated a portion of the settlement to tobacco prevention, then dumped the state's yearly share, \$500 million, into the General Fund. *What gives?*

**FACT:** Since Gray Davis has been governor, not one hard-hitting anti-tobacco campaign has been launched by the State of California.

**FACT:** Big Tobacco is spending 20% more to promote its deadly products, up to \$6.7 billion annually, while the state is spending less on tobacco control.

**FACT:** Governor Davis has not spent a dime from the tobacco settlement on our state's anti-tobacco programs.

Smoking rates continue to drift downward because of voter-approved tobacco taxes and Big Tobacco's own price hikes, not because the state is doing all it can do and must do to educate young people and help smokers to quit.

In fact, the U.S. Centers for Disease Control consider California's anti-tobacco funding far below the minimum required.

Instead of treating the tobacco settlement as a budgetary slush fund, 20% of the state's share, about \$105 million a year, should be directed to state anti-tobacco efforts immediately.

The tobacco settlement is a historic chance for California to become tobacco-free. Urge Governor Davis to do the right thing.



*84% of California voters agree tobacco settlement funds should be spent to help people stop smoking and prevent youth from starting. So do newspaper editorials from San Diego to San Francisco. Why has Governor Davis refused to fully fund life-saving programs?*

American Heart Association  
Fighting Heart Disease and Stroke  
Western States Affiliate

*Americans for Nonsmokers' Rights*

[Instead of protecting the people of California...]

# Why has Gov. Davis hijacked the state's tobacco settlement?

Last year, California had a dream come true. We won a jackpot from the tobacco industry — \$1 billion a year for the next 25 years.

Naturally, taxpayers expected at least some of the money would be used the way the lawsuit intended: to help make California tobacco-free.

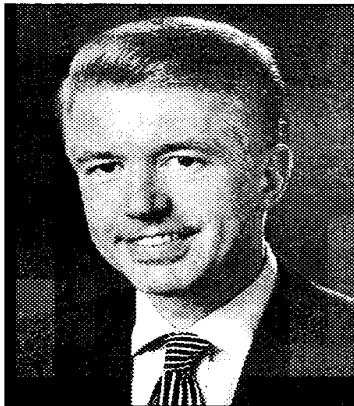
But that's not how it turned out.

Last year, Governor Davis actually vetoed a bill that directed a portion of the settlement toward tobacco prevention — a move condemned by 63% of Democrats and 68% of Republicans polled. Instead, Davis dumped the state's share of the annual settlement, \$500 million, into the General Fund to pay for everything *but* tobacco prevention. What gives?

**FACT:** Gray Davis likes to portray himself as a leader on tobacco. But since he's been in office, not a single hard-hitting anti-tobacco campaign has been launched by the State of California. Even local campaigns must now be cleared by political appointees.

**FACT:** One campaign, which has led most of the state's independent pharmacies to halt tobacco sales, was almost blocked by a Davis political appointee when it dared to target the Rite-Aid chain. (Rite-Aid contributed \$130,000 to Davis' election campaign.)

**FACT:** Big Tobacco is actually spending *more* than ever in California to promote its deadly products (an estimated \$500 million annually), while the state is spending *less* year by year on tobacco control. Despite election-time pledges to battle tobacco, Governor Davis *has not spent a single dime from the tobacco settlement* on our state's



*84% of California voters surveyed agree that tobacco settlement funds should be spent to help people stop smoking and prevent youth from starting. So do newspaper editorials from San Diego to San Francisco. So far, Governor Davis has refused. Why?*

proven anti-tobacco programs.

These programs save taxpayers \$8 for each \$1 invested. They've reduced the number of smokers in California by 700,000 over the last decade and spared tens of thousands of lives. They are the single most successful public health effort in California history.

And that may be the problem.

To government officials, the tobacco settlement feels like a windfall: a "free" source of money. Local officials assume the state will take care of anti-tobacco work while they spend their share on fixing sidewalks and such.

State officials, on the other hand, despite massive surpluses, aim to use their share as a kind of budgetary slush fund, investing none of it in anti-tobacco programs.

This is tragically short-sighted. The settlement, properly allocated, represents an unprecedented chance to end decades of tobacco addiction, disease, and death—and save taxpayers billions in long-term health care costs in decades to come.

Twenty percent of the state's share of the tobacco settlement — about \$105 million a year — should be added to the state's anti-tobacco programs immediately, as recommended by the nonpartisan Tobacco Education Research Oversight Committee.

We support this recommendation as a step toward reaching the U.S. Centers for Disease Control's *minimum* recommendation for California.

It's not too late for Governor Davis to do the right thing. He can still fully fund California's tobacco prevention efforts and get anti-tobacco campaigns moving again.

Please mail the vital messages below. Remind our leaders that at least some of the tobacco settlement should be spent as intended. Because there's only one thing more dangerous to public health than addiction to tobacco. Addiction to tobacco money.

*Americans for Nonsmokers' Rights*



Fighting Heart Disease and Stroke  
Western States Affiliate

<p><b>Governor Gray Davis:</b></p> <p>The tobacco settlement is not a windfall. Its intent is to help California become tobacco-free. Because you ran as the anti-tobacco candidate, your administration will be judged by your leadership on this vital public health issue. The settlement is a once-in-a-lifetime chance. Break the impasse. Do the right thing.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p>	<p><b>State Senate President Pro Tem Burton &amp; Assembly Speaker Hertzberg:</b></p> <p>Californians of both parties agree: the tobacco settlement is intended to break the hold of Big Tobacco once and for all. If these funds are hijacked and anti-tobacco programs neglected, lives will be lost. Use your leadership positions to break the impasse with Governor Davis.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p>	<p><b>American Heart Association</b></p> <p>While my taxes are still used to subsidize Big Tobacco, the giant Tobacco Settlement is being treated like a windfall in Sacramento. This is intolerable!</p> <p><input type="checkbox"/> Add me to the statewide network of Californians intent on keeping the pressure on Big Tobacco.</p> <p>NAME _____</p> <p>ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p> <p>E-MAIL _____</p>
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Fill out coupons and mail to: American Heart Association, P.O. Box 160126, Sacramento, CA 95816.

# Smoke and mirrors: *California's Governor Gray Davis likes the image of a tobacco fighter, but advertising alone won't save lives.*

**G**ray Davis ran for governor of California as a foe of Big Tobacco. And he won.

But since he's been in office, his fervor seems to have cooled.

Yes, he's finally begun to air anti-tobacco TV spots which his predecessor, Pete Wilson, sat on.

And the state may soon air new anti-smoking spots targeting the young adults who are Big Tobacco's latest prey.

But what happens if a viewer calls for help to quit smoking or clear the air at work? Will there be an answer or a busy signal?

Anti-tobacco advertising is just one part of an effective strategy. What about the rest of it?

### Appearance or reality?

California set the standard for the rest of the world when we put powerful anti-tobacco campaigns on the air — and built up community programs on the ground.

With this one-two punch, California's smoking rates fell faster in the early 1990's than anywhere else on Earth.

But Governor Davis is pulling his punches. Despite huge state surpluses and a mammoth tobacco settlement worth \$500 million a



*Governor Davis just put the state's anti-tobacco spots back on the air but refuses to spend a dime of the tobacco settlement to combat Big Tobacco on the ground.*

year to Sacramento, California now spends far less on tobacco control than the U.S. Centers for Disease Control consider adequate.

He's now willing to spend money on tobacco advertising, yes. But not on the community programs which make advertising more than show.

In fact, Governor Davis has refused to spend a dime of the tobacco settlement on anti-tobacco

efforts. Even though 84% of state voters polled say that he should.

### A once in a lifetime chance to stamp out California's #1 cause of avoidable death.

Despite Governor Davis' claims of progress, adult smoking rates have not dropped below 18% in years.

California can do better than that. The state legislature is ready. It already supports earmarking a portion of the tobacco settlement for anti-tobacco programs.

The non-partisan Tobacco Education Research Oversight Committee recommends that 20% of the state's share of the settlement (about \$105 million a year) should be added to California's anti-tobacco programs immediately.

We support this as a step toward reaching the CDC's minimum recommendation for California.

It would help our state regain its position as the world leader on tobacco control.

And help stop the cycle of tobacco addiction and death.

How tragic if our governor chooses images over reality instead. Please, mail the vital messages below.



*Americans for Nonsmokers' Rights*



<p><b>Governor Gray Davis:</b> The tobacco settlement isn't a windfall for pet programs. It's to help California free itself from tobacco addiction and death. Because you ran as the anti-tobacco candidate, your administration will be judged by your leadership on this vital public health issue. The settlement is a once-in-a-lifetime chance. Don't waste it. Do the right thing.</p> <p>NAME _____ ADDRESS _____ CITY/STATE/ZIP _____</p>	<p><b>State Senate President Pro Tem Burton &amp; Assembly Speaker Hertzberg:</b> Californians of both parties agree: the tobacco settlement is intended to break the hold of Big Tobacco once and for all. If these funds are hijacked and anti-tobacco programs neglected, lives will be lost. Use your leadership positions to break the impasse with Governor Davis.</p> <p>NAME _____ ADDRESS _____ CITY/STATE/ZIP _____</p>	<p><b>American Heart Association</b> While my taxes are still used to subsidize Big Tobacco, the giant Tobacco Settlement is being treated like a windfall in Sacramento. This is intolerable!</p> <p><input type="checkbox"/> Add me to the statewide network of Californians intent on keeping the pressure on Big Tobacco.</p> <p>NAME _____ ADDRESS _____ CITY/STATE/ZIP _____ E-MAIL _____</p>
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www.PublicHealthCenter.org

# California's Tobacco Settlement is About More Than Just Money



## It's About Making an Investment in the Health of all Californians

California, along with 45 other states, agreed to settle its lawsuits with tobacco manufacturers, leading to a windfall of \$206 billion paid over 25 years. This means unprecedented financial payments of about \$1 billion annually to California.

State and local governments may spend the money in any manner they see fit — no strings attached.

Will the money be spent on streets and roads, more jail beds, debt reduction... or will it be invested in healthcare and reducing tobacco use?

 **AMERICAN  
LUNG  
ASSOCIATION**  
*of California*

1.800.LUNG.USA  
[www.californialung.org](http://www.californialung.org)

Everyone knows tobacco takes a tragic human toll and places a devastating financial and health burden on our cities, counties and state — about \$10 billion and 40,000 lives every year in California.

Even with California's world-renowned anti-smoking campaign, teens continue to smoke at an alarming rate.

It's not surprising. The tobacco industry spends about \$1.5 million a day making smoking look cool, sophisticated and sexy.

Policymakers have a historic opportunity to reduce the burden of tobacco with the tobacco settlement.

Will they?

*Paid for by the American Lung Association of California.*



# The **Good News** is Opinion Leaders Agree with Tobacco Prevention



## Efforts in California... So What's the **Bad News**?

In a statewide survey, key opinion leaders — community leaders, elected officials, health workers and others — agree that California's tobacco policies are on the right track. In fact, leaders not only support what California has already done to curb tobacco use, they support more efforts and policies to reduce it even further.

The survey of more than 400 key opinion leaders across California was conducted by the American Lung Association as a "check-up" with the state's leadership to see whether the tobacco prevention policies of the last decade are supported and what new areas of tobacco policy should be addressed.

### Here's the good and bad about what they said:

- **Good news:** 98 percent support fines for businesses that sell tobacco products — cigarettes, smokeless tobacco and cigars — to minors.
- **Bad news:** While California has a system of fines and penalties for retailers that sell tobacco to children, one in five retailers continues to illegally sell it to minors.
- **Good news:** 75 percent agree with prohibiting self-service tobacco product displays seen at check-out aisles to reduce easy access by children.
- **Bad news:** Only nine counties have ordinances to restrict self-service tobacco displays, and no state law exists to ban this kind of tobacco sales.
- **Good news:** 69 percent support the idea that stores that sell tobacco products should be licensed just like stores that sell liquor.

- **Bad news:** There is no statewide, uniform law that requires retailers to obtain a license to sell tobacco — an addictive product responsible for more deaths than any legal product in California.
- **Good news:** 80 percent agree that local communities should reject tobacco industry sponsorship of sporting/cultural events, fairs, and other community activities in their areas.
- **Bad news:** Philip Morris has launched a reported \$100 million advertising and public relations campaign to position itself as a good corporate citizen and showcase its financial support of these kinds of community events in an effort to buy credibility.

It's encouraging to see that the vast majority of leaders believe we are headed in the right direction when it comes to ending the death and disease caused by tobacco use. The American Lung Association and others have waged an uphill battle against the tobacco industry and its wealth for decades, and it's nice to know the majority of our leaders are now behind us.

But unfortunately the really **bad news** is that while tobacco control funding remains flat, the tobacco industry is spending as much and more to promote smoking — especially to young adults.

That's why California must continue its aggressive campaign to counter the tobacco industry's tactics and commit more resources to fighting the war on tobacco.

For a copy of this report or to find out more about efforts to reduce tobacco use in your community, call **1.800.LUNG.USA** or visit us at **[www.californialung.org](http://www.californialung.org)**



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