

March 25, 2016

Mike Mauer, Director
Colorado Legislative Council
Room 029
State Capitol Building,
Denver, Colorado 80203



Dear Mr. Mauer:

Attached please find proposed initiatives, dealing with a tobacco product tax increase, for the 2016 ballot. The proponents are:

Jacob Avery Williams
2024 Clipper Drive
Lafayette, CO 80026-3161

Frank W. McCurdy
2965 E. Floyd Dr.
Denver, CO 80210

You may use my telephone number and fax number found on this letterhead, as well as my email address (mark@rklawpc.com) for purposes of contacting the proponents, as I am legal counsel for them in this matter.

Thank you very much.

Sincerely,

Mark G. Grueskin

Be it enacted by the People of the State of Colorado:

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

(10) (a) THE PEOPLE OF COLORADO HEREBY FURTHER FIND THAT:

- (I) TOBACCO PRODUCT SALES IN THE STATE OF COLORADO HAVE INCREASED;
- (II) COLORADO'S NEED TO DETER CHILDREN AND YOUNG ADULTS FROM STARTING SMOKING IS AS CRITICAL AS EVER;
- (III) COLORADO NOW SPENDS LESS THAN HALF OF THE CENTERS FOR DISEASE CONTROL RECOMMENDED LEVEL ON TOBACCO EDUCATION AND CESSATION PROGRAMS;
- (IV) SMOKING ADVERSELY AFFECTS THE WELFARE OF COLORADANS DIRECTLY AND INDIRECTLY AND, WITHOUT FURTHER ACTION, WILL DO SO NOW AND IN THE FUTURE; AND
- (V) IT IS IN THE COLLECTIVE INTEREST OF ALL COLORADANS TO RAISE TOBACCO TAXES AND COMPETITIVELY AWARD TOBACCO TAX REVENUES TO ENHANCE THE PHYSICAL, AND BEHAVIORAL HEALTH OF OUR POPULATION, TO FUND RESEARCH TO PREVENT AND CURE DISEASES SUCH AS CANCER, EMPHYSEMA, AND ALZHEIMER'S, AND TO PROVIDE PROGRAMS THAT WILL ENHANCE THE WELL-BEING OF VETERANS, AS WELL AS THOSE WHO LIVE IN RURAL AND UNDERSERVED AREAS OF OUR STATE.

(b) THERE ARE HEREBY IMPOSED THE FOLLOWING ADDITIONAL CIGARETTE AND TOBACCO TAXES, WHICH SHALL BE IN ADDITION TO THE INCREASED RATES IMPOSED JANUARY 1, 2005 BY SUBSECTION (2) OF THIS SECTION:

- (I) A STATEWIDE CIGARETTE TAX, ON THE SALE OF CIGARETTES BY WHOLESALERS, AT EIGHT AND THREE-QUARTERS CENTS PER CIGARETTE (\$1.75 PER PACK OF TWENTY); AND
- (II) A STATEWIDE TOBACCO PRODUCTS TAX, ON THE SALE, USE, CONSUMPTION, HANDLING, OR DISTRIBUTION OF TOBACCO PRODUCTS BY DISTRIBUTORS, AT TWENTY-TWO PERCENT OF THE MANUFACTURER'S LIST PRICE.

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

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

- (I) EIGHTEEN PERCENT OF THE REVENUES COLLECTED UNDER THIS SUBSECTION, UP TO THIRTY-SIX MILLION DOLLARS ANNUALLY, SHALL BE ALLOCATED UNDER THE FORMULA FOR PROGRAMS SET FORTH IN SUBSECTION (5); PROVIDED, HOWEVER, ANY AMOUNT OVER

THIRTY-SIX MILLION DOLLARS THAT WOULD OTHERWISE BE TRANSFERRED FOR THIS PURPOSE, BASED ON THIS EIGHTEEN PERCENT ALLOCATION, SHALL BE DISTRIBUTED USING THE PERCENTAGES IN SUBSECTION (10)(d)(II) (A)-(F).

(II) AFTER THE ALLOCATION AS PROVIDED IN SUBSECTION (10)(d)(I), THE REMAINING REVENUES COLLECTED UNDER THIS SUBSECTION (10) SHALL BE APPROPRIATED IN THE FOLLOWING AMOUNTS:

- (A) SIXTEEN PERCENT FOR TOBACCO EDUCATION, PREVENTION, AND CESSATION AS PART OF THE REVENUE PROVIDED BY SUBSECTIONS (5)(c) AND (5)(d) OF THIS SECTION.
- (B) TWENTY-SEVEN PERCENT FOR TOBACCO-RELATED RESEARCH INTO CARDIOVASCULAR AND PULMONARY DISEASES, CANCER, ALZHEIMER'S DISEASE, BEHAVIORAL HEALTH, MATERNAL HEALTH, AND EARLY CHILDHOOD DEVELOPMENT TO BE ADMINISTERED BY THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, OR ITS SUCCESSOR AGENCY, WHICH SHALL ESTABLISH FOR THIS PURPOSE GRANT-MAKING GUIDELINES AFTER CONSULTING WITH RESEARCH INSTITUTIONS THAT ARE RECOGNIZED AS AUTHORITIES IN THESE RESEARCH AREAS AND THAT SPECIALIZE IN SUCH RESEARCH. BASED ON SUCH GUIDELINES, GRANTS FROM THESE REVENUES SHALL BE AWARDED FOR IN-STATE RESEARCH BY COLORADO ENTITIES ON THE BASIS OF SCIENTIFIC MERIT AS DETERMINED BY AN OPEN, COMPETITIVE PEER REVIEW PROCESS THAT ASSURES OBJECTIVITY, CONSISTENCY, AND HIGH QUALITY RESEARCH AND ALSO EMPLOYS CONFLICT-OF-INTEREST STANDARDS THAT REPRESENT BEST PRACTICES AS UTILIZED IN THE COMPETITION FOR AND AWARD OF FEDERAL GRANTS IN THIS FIELD.
- (C) FOURTEEN PERCENT FOR VETERANS' PROGRAMS TO ASSIST WITH THEIR WELL-BEING, INCLUDING BUT NOT LIMITED TO PHYSICAL AND BEHAVIORAL HEALTH, SERVICES TO RURAL VETERANS, HOMELESSNESS PREVENTION, AND EMPLOYMENT TRANSITION SERVICES THROUGH PROGRAMS TO BE ADMINISTERED BY THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, OR ITS SUCCESSOR AGENCY. THE DEPARTMENT SHALL CONSULT WITH, AND CONSIDER THE EXPERTISE AND RECOMMENDATIONS OF NONPROFIT VETERANS SERVICE ORGANIZATIONS TO DETERMINE SERVICE PRIORITIES AND DEVELOP THE GRANT-MAKING PROCESS.
- (D) TEN PERCENT FOR CHILD AND ADOLESCENT BEHAVIORAL HEALTH INCLUDING EVIDENCE-BASED PREVENTION, EARLY INTERVENTION, AND TREATMENT PROGRAMS TO BE ADMINISTERED BY THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, OR ITS SUCCESSOR AGENCY.
- (E) TEN PERCENT FOR CONSTRUCTION, IMPROVEMENT, AND NEW TECHNOLOGIES FOR ANY COLORADO QUALIFIED PROVIDER, AS DEFINED IN THE "COLORADO MEDICAL ASSISTANCE ACT," ARTICLE 4, OF TITLE 25.5, COLORADO REVISED STATUTES, OR ANY SUCCESSOR ACT, THAT MEETS EITHER OF THE FOLLOWING CRITERIA:
 - (i) IS A COMMUNITY HEALTH CENTER AS DEFINED IN SECTION 330 OF THE U.S. PUBLIC SERVICES ACT OR ANY SUCCESSOR ACT; OR

(ii) AT LEAST FIFTY PERCENT OF THE PATIENTS SERVED BY THE QUALIFIED PROVIDER ARE UNINSURED OR MEDICALLY INDIGENT AS DEFINED IN THE COLORADO MEDICAL ASSISTANCE ACT OR ANY SUCCESSOR ACT, OR ARE ENROLLED IN THE CHILDREN'S BASIC HEALTH PLAN OR THE COLORADO MEDICAL ASSISTANCE PROGRAM OR SUCCESSOR PROGRAMS.

SUCH REVENUES SHALL BE APPROPRIATED TO THE COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, OR ITS SUCCESSOR AGENCY, FOR THE PURPOSE OF FUNDING COLORADO HEALTH SAFETY NET INFRASTRUCTURE IMPROVEMENTS, INCLUDING BUT NOT LIMITED TO ALTERATION AND RENOVATION, CONSTRUCTION, EQUIPMENT-ONLY PURCHASES, AND HEALTH INFORMATION TECHNOLOGY-RELATED HARDWARE AND SOFTWARE.

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

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

(f) REVENUES APPROPRIATED PURSUANT TO SUBSECTIONS (10) OF THIS SECTION SHALL NOT BE SUBJECT TO THE STATUTORY LIMITATION ON GENERAL FUND APPROPRIATIONS GROWTH OR ANY OTHER SPENDING LIMITATION EXISTING IN LAW.

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

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

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