

INITIATIVE 773

to the People

Chapter 2, Laws of 2002

ADDITIONAL TOBACCO TAXES

EFFECTIVE DATE: 12/6/01

Approved by the
People of the State of Washington
in the General Election on
November 6, 2001

ORIGINALLY FILED

April 4, 2001

**Secretary of State
State of Washington**

1 AN ACT Relating to improving the health of low-income persons;
2 amending RCW 43.72.900; adding a new section to chapter 70.47 RCW;
3 adding a new section to chapter 82.24 RCW; and adding a new section to
4 chapter 82.26 RCW.

5 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 70.47 RCW
7 to read as follows:

8 It is the intent of the people to improve the health of low-income
9 children and adults by expanding access to basic health care and by
10 reducing tobacco-related and other diseases and illnesses that
11 disproportionately affect low-income persons.

12 **Sec. 2.** RCW 43.72.900 and 1993 c 492 s 469 are each amended to
13 read as follows:

14 (1) The health services account is created in the state treasury.
15 Moneys in the account may be spent only after appropriation. Subject
16 to the transfers described in subsection (3) of this section, moneys in
17 the account may be expended only for maintaining and expanding health
18 services access for low-income residents, maintaining and expanding the

1 public health system, maintaining and improving the capacity of the
2 health care system, containing health care costs, and the regulation,
3 planning, and administering of the health care system.

4 (2) Funds deposited into the health services account under sections
5 3 and 4 of this act shall be used solely as follows:

6 (a) Five million dollars for the state fiscal year beginning July
7 1, 2002, and five million dollars for the state fiscal year beginning
8 July 1, 2003, shall be appropriated by the legislature for programs
9 that effectively improve the health of low-income persons, including
10 efforts to reduce diseases and illnesses that harm low-income persons.
11 The department of health shall submit a report to the legislature on
12 March 1, 2002, evaluating the cost-effectiveness of programs that
13 improve the health of low-income persons and address diseases and
14 illnesses that disproportionately affect low-income persons, and making
15 recommendations to the legislature on which of these programs could
16 most effectively utilize the funds appropriated under this subsection.

17 (b) Ten percent of the funds deposited into the health services
18 account under sections 3 and 4 of this act remaining after the
19 appropriation under (a) of this subsection shall be transferred no less
20 frequently than annually by the treasurer to the tobacco prevention and
21 control account established by RCW 43.79.480. The funds transferred
22 shall be used exclusively for implementation of the Washington state
23 tobacco prevention and control plan and shall be used only to
24 supplement, and not supplant, funds in the tobacco prevention and
25 control account as of January 1, 2001, however, these funds may be used
26 to replace funds appropriated by the legislature for further
27 implementation of the Washington state tobacco prevention and control
28 plan for the biennium beginning July 1, 2001. For each state fiscal
29 year beginning on and after July 1, 2002, the legislature shall
30 appropriate no less than twenty-six million two hundred forty thousand
31 dollars from the tobacco prevention and control account for
32 implementation of the Washington state tobacco prevention and control
33 plan.

34 (c) Because of its demonstrated effectiveness in improving the
35 health of low-income persons and addressing illnesses and diseases that
36 harm low-income persons, the remainder of the funds deposited into the
37 health services account under sections 3 and 4 of this act shall be
38 appropriated solely for Washington basic health plan enrollment as
39 provided in chapter 70.47 RCW. Funds appropriated pursuant to this

1 subsection (2)(c) must supplement, and not supplant, the level of state
2 funding needed to support enrollment of a minimum of one hundred
3 twenty-five thousand persons for the fiscal year beginning July 1,
4 2002, and every fiscal year thereafter. The health care authority may
5 enroll up to twenty thousand additional persons in the basic health
6 plan during the biennium beginning July 1, 2001, above the base level
7 of one hundred twenty-five thousand enrollees. The health care
8 authority may enroll up to fifty thousand additional persons in the
9 basic health plan during the biennium beginning July 1, 2003, above the
10 base level of one hundred twenty-five thousand enrollees. For each
11 biennium beginning on and after July 1, 2005, the health care authority
12 may enroll up to at least one hundred seventy-five thousand enrollees.
13 Funds appropriated under this subsection may be used to support
14 outreach and enrollment activities only to the extent necessary to
15 achieve the enrollment goals described in this section.

16 (3) Prior to expenditure for the purposes described in subsection
17 (2) of this section, funds deposited into the health services account
18 under sections 3 and 4 of this act shall first be transferred to the
19 following accounts to ensure the continued availability of previously
20 dedicated revenues for certain existing programs:

21 (a) To the violence reduction and drug enforcement account under
22 RCW 69.50.520, two million two hundred forty-nine thousand five hundred
23 dollars for the state fiscal year beginning July 1, 2001, four million
24 two hundred forty-eight thousand dollars for the state fiscal year
25 beginning July 1, 2002, seven million seven hundred eighty-nine
26 thousand dollars for the biennium beginning July 1, 2003, six million
27 nine hundred thirty-two thousand dollars for the biennium beginning
28 July 1, 2005, and six million nine hundred thirty-two thousand dollars
29 for each biennium thereafter, as required by RCW 82.24.020(2);

30 (b) To the health services account under this section, nine million
31 seventy-seven thousand dollars for the state fiscal year beginning July
32 1, 2001, seventeen million one hundred eighty-eight thousand dollars
33 for the state fiscal year beginning July 1, 2002, thirty-one million
34 seven hundred fifty-five thousand dollars for the biennium beginning
35 July 1, 2003, twenty-eight million six hundred twenty-two thousand
36 dollars for the biennium beginning July 1, 2005, and twenty-eight
37 million six hundred twenty-two thousand dollars for each biennium
38 thereafter, as required by RCW 82.24.020(3); and

1 (c) To the water quality account under RCW 70.146.030, two million
2 two hundred three thousand five hundred dollars for the state fiscal
3 year beginning July 1, 2001, four million two hundred forty-four
4 thousand dollars for the state fiscal year beginning July 1, 2002,
5 eight million one hundred eighty-two thousand dollars for the biennium
6 beginning July 1, 2003, seven million eight hundred eighty-five
7 thousand dollars for the biennium beginning July 1, 2005, and seven
8 million eight hundred eighty-five thousand dollars for each biennium
9 thereafter, as required by RCW 82.24.027(2)(a).

10 NEW SECTION. Sec. 3. A new section is added to chapter 82.24 RCW
11 to read as follows:

12 In addition to the tax imposed upon the sale, use, consumption,
13 handling, possession, or distribution of cigarettes set forth in RCW
14 82.24.020, there is imposed a tax in an amount equal to the rate of
15 thirty mills per cigarette effective January 1, 2002. All revenues
16 collected during any month from this additional tax shall be deposited
17 in the health services account created under RCW 43.72.900 by the
18 twenty-fifth day of the following month.

19 NEW SECTION. Sec. 4. A new section is added to chapter 82.26 RCW
20 to read as follows:

21 In addition to the taxes imposed upon the wholesale sales price of
22 tobacco products set forth in RCW 82.26.020 and 82.26.025, a surtax is
23 imposed equal to ninety-three and three-quarters percent of taxes
24 levied under RCW 82.26.020, effective January 1, 2002. The surtax
25 payable under this subsection shall be deposited in the health services
26 account created under RCW 43.72.900 for the purposes set forth in that
27 section.

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