

A

**INSTRUCTIONS TO VOTER
USE A PENCIL ONLY**

TO VOTE, BLACKEN THE OVAL (●) COMPLETELY TO THE LEFT OF THE RESPONSE OF YOUR CHOICE.

STATE MEASURES

REFERRED TO THE PEOPLE BY THE LEGISLATIVE ASSEMBLY

19 AMENDS CONSTITUTION: AUTHORIZES USING EDUCATION STABILITY FUND PRINCIPAL IN SPECIFIED CIRCUMSTANCES; TRANSFERS \$150 MILLION TO STATE SCHOOL FUND; CREATES SCHOOL CAPITAL MATCHING SUBACCOUNT IN STABILITY FUND.

YES

RESULT OF "YES" VOTE:
"Yes" vote converts education endowment fund to stability fund; specifies conditions for using fund principal; transfers \$150 million from fund to State School Fund; creates school capital matching subaccount in stability fund.

NO

RESULT OF "NO" VOTE:
"No" vote rejects: converting education endowment fund to education stability fund; using fund principal under certain conditions; transferring \$150 million from fund to State School Fund; creating school capital matching subaccount in stability fund.

SUMMARY: Amends Constitution. Under existing law, the state deposits a portion of state lottery proceeds into the education endowment fund; fund's earnings are used for public education; principal is retained in fund. Measure converts education endowment fund to education stability fund. Measure increases percentage of net proceeds from state lottery placed in education stability fund and limits amount in fund. Measure authorizes legislature to use any portion of education stability fund principal for public education if three-fifths of the members of each house of legislature approve, and either (1) legislature makes required finding as to decline in projected state revenue or in seasonally adjusted nonfarm employment, or (2) Governor declares emergency. On May 1, 2003, measure transfers \$150 million from stability fund to State School Fund to be used for kindergarten through grade 12 public education. Creates school capital matching subaccount in education stability fund.

ESTIMATE OF FINANCIAL IMPACT: The education stability fund will be reduced by \$150 million in May 2003. This amount will go into the State School Fund to be distributed to school districts at that time.

Growth in the balance of the education stability fund will be increased by an estimated \$10 million per year. There is a corresponding reduction of lottery funding for other programs, mainly the State School Fund and economic development.

Distribution of earnings on the education stability fund, for debt service on education bonds and for need-based college scholarships will be reduced by about \$7 million per year.

B

STATE MEASURES (CONTINUED)

REFERRED TO THE PEOPLE BY THE LEGISLATIVE ASSEMBLY

20 INCREASES CIGARETTE TAX; USES REVENUE FOR HEALTH PLAN, OTHER PROGRAMS.

YES

RESULT OF "YES" VOTE:
"Yes" vote increases cigarette tax; funds Oregon Health Plan and other programs.

NO

RESULT OF "NO" VOTE:
"No" vote keeps cigarette tax at current level; does not increase Oregon Health Plan or other program funding.

SUMMARY: This measure increases the tax imposed on the distribution of cigarettes by 60 cents per 20-cigarette pack. Current law imposes a cigarette tax of 68 cents per 20-cigarette pack, that is paid by wholesale distributors of cigarettes. This measure would apply the cigarette tax increase to cigarettes distributed on or after November 1, 2002, and to existing retail cigarette inventories when the tax starts. This measure requires \$2 million and an additional 0.7 percent of revenue raised by the cigarette tax increase to be spent on tobacco use reduction programs. Cities, counties and elderly and disabled transportation receive 1.4 percent of the additional tax revenue. All remaining revenue raised by the increase is to be spent on the Oregon Health Plan.

ESTIMATE OF FINANCIAL IMPACT: This measure increases cigarette tax revenues by \$70.7 million for the 2001-2003 biennium and will raise \$113.9 million in cigarette tax revenues for each year thereafter. Because higher cigarette prices will cause a reduction in consumption, the measure will reduce General Fund revenues by \$3.1 million for the 2001-2003 biennium and by \$6.2 million annually thereafter.

The net expenditures required by this measure are estimated to be as follows:

Expenditure	2001-2003 biennium	Annually after July 1, 2003
Oregon Health Plan.....	\$67.3 million\$111.65 million
Tobacco Use Reduction.....	\$2.5 million\$750,000
Cities, Counties and Elderly Disabled Transportation.....	\$945,000\$1.5 million

C