



# NEWS RELEASE

## CALIFORNIA SECRETARY OF STATE

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### **Three Proposed Initiatives Enter Circulation**

1. *Corporate Tax Preferences. Same Percent Vote Requirements. Initiative Constitutional Amendment.*
2. *State-Negotiated Prescription Drug Rebates, Discounts. Initiative Statute.*
3. *Prescription Drug Discounts. State-Negotiated Rebates. Initiative Statute.*

SACRAMENTO --- The Secretary of State's Office announced today that the proponents of three new initiatives have received clearance to begin collecting petition signatures for their measures.

The Attorney General's official titles and summaries are as follows:

#### **CORPORATE TAX PREFERENCES. SAME PERCENT VOTE REQUIREMENTS. INITIATIVE CONSTITUTIONAL AMENDMENT.**

Provides that corporate tax preferences, as defined, may be repealed/amended by same percentage vote of Legislature as was needed to create them. Requires additional revenues generated by repeal/amendment of post-January 1, 1985 corporate tax preferences be deposited in Prudent State Reserve Fund, with spending from Fund permitted only when state revenues are insufficient to meet state obligations at prior-year levels or in Governor-declared emergencies. Provides that statutes creating or expanding corporate tax preferences enacted after January 1, 2005, are repealed in five years unless reenacted.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: This measure would result in potentially significant state revenue increases resulting from reducing the legislative vote requirement necessary to eliminate or limit certain special corporation tax provisions. Any increases would go into a state reserve fund, where they could only be used to fund current service levels or in response to a state of emergency. Fiscal impacts would depend on the actions of future legislators.

The proponents, Roberta B. Johansen and James C. Harrison, must collect 598,105 signatures of registered voters, equal to eight percent of the total votes cast for governor in the 2002 gubernatorial election, in order to qualify their measure. The 150-day deadline to circulate petitions for these measures is August 8, 2005. The initiative proponents can be reached at 510-346-6200.

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**STATE-NEGOTIATED PRESCRIPTION DRUG REBATES, DISCOUNTS.  
INITIATIVE STATUTE.**

Provides for prescription drug discounts to Californians who qualify based on income-related standards, to be funded through rebates from participating drug manufacturers negotiated by California Department of Health Services. Rebates must be deposited in State Treasury Fund, used only to reimburse pharmacies for discounts and to offset administration costs. At least 95% of rebates must go to fund discounts. Prohibits new Medi-Cal contracts with manufacturers who will not provide the Medicaid best price to this program, except for drugs without therapeutic equivalent. Establishes oversight board. Makes prescription drug profiteering, as defined, unlawful.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: One-time and ongoing state costs, potentially in the millions to low tens of millions of dollars annually, for administration and outreach activities for a new drug discount program. A significant share of these costs would probably be borne by the state General Fund. A largely one-time state cost, potentially in the low tens of millions of dollars, to cover the funding gap between the time when drug rebates are collected by the state and when the state pays funds to pharmacies for drug discounts provided to consumers. Any such costs not covered through advance rebate payments from drug makers would be borne by the State General Fund. Unknown costs and savings as a result of provisions linking drug prices for the new drug discount program to Medi-Cal prices, including the potential effect on the state's receipt of supplemental rebates; unknown savings on state and county health program costs due to the availability of drug discounts; and unknown costs and offsetting revenues from the anti-profitteering provisions.

The proponent, Anthony Wright, must collect 373,816 signatures of registered voters, equal to five percent of the total votes cast for governor in the 2002 gubernatorial election, in order to qualify his measure. The 150-day deadline to circulate petitions for this measure is August 8, 2005. The initiative proponent can be reached at 510-346-6200.

**PRESCRIPTION DRUG DISCOUNTS. STATE-NEGOTIATED REBATES.  
INITIATIVE STATUTE.**

Provides for prescription drug discounts to Californians who qualify based on income-related standards, to be funded through rebates from participating drug manufacturers negotiated by California Department of Health Services. Rebates must be deposited in State Treasury Fund, used only to reimburse pharmacies for discounts and to offset administration costs. At least 95% of rebates must go to fund discounts. Prohibits new Medi-Cal contracts with manufacturers not providing the Medicaid best price to this program, except for drugs without therapeutic equivalent. Establishes oversight board. Makes prescription drug profiteering, as defined, unlawful.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: One-time and ongoing state costs, potentially in the millions to low tens of millions of dollars annually, for administration and outreach activities for a new drug discount program. A significant share of these costs would probably be borne by the state General Fund. A largely one-time state cost, potentially in the low tens of millions of dollars, to cover the funding gap between the time when drug rebates are collected by the state and when the state pays funds to pharmacies for drug discounts provided to consumers. Any such costs not covered through advance rebate payments from drug makers would be borne by the state General Fund. Unknown costs and savings as a result of provisions linking drug prices for the new drug discount program to Medi-Cal prices, including the potential effect on the state's receipt of supplemental rebates; unknown savings on state and county health program costs due to the availability of drug discounts; and unknown costs and offsetting revenues from the anti-profiteering provisions.

The proponent, Anthony Wright, must collect 373,816 signatures of registered voters, equal to five percent of the total votes cast for governor in the 2002 gubernatorial election, in order to qualify his measure. The 150-day deadline to circulate petitions for this measure is August 8, 2005. The initiative proponent can be reached at 916-442-2308.

For a copy of the complete text, title & summary, and circulation calendar, please contact the Secretary of State's Press Office at 916-653-6575.