Staff Report on Proposition 10 Tax Distributions as of June 23, 2025

- Ventura County revenues for July 2024 – April 2025 total $2,556,386, plus $1,335,800 for the annual backfill from Proposition 56 and $38,003 in CECET (CA e-cigarette tax) funds.
    - These disbursements represent 77% of the budgeted revenues with 83% of year lapsed.
    - In June, First 5 California provided information on the March and April distributions. They reported that the March distribution deducted for the annual backfill to Prop 99 and Pro Rata (indirect costs charged to Prop 10 Fund for the State's central administrative services).
- After evenly applying the annual Prop 56 backfill and CECET funds, we are currently running 13.8% lower than last year – a decrease of $594,039 as of April.
    - The delayed impact of the flavor ban and potential contributors to the higher-than-expected decline for FY 2024-25 are lower enforcement, tax evasion (i.e., purchasing from other states), and lower tobacco usage. https://lao.ca.gov/Publications/Report/4966
    - Last fiscal year, an 11.3% decrease in tobacco tax revenues was budgeted based on Department of Finance projections that considered the potential impact of the ban on flavored tobacco products, however, the actual decrease realized was only 4.5%.
    - The Commission's financial plan was updated in April and estimated a 10% annual rate of decline for FY 2024-25 tobacco tax revenues, based on the trend at that time.
    - Month-to-month distributions vary substantially. With two months of distributions remaining, along with two quarters of CECET payments, it is possible to come in close to the forecast.
- Monthly disbursements are closely monitored and staff will report back regularly.