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February 18, 2011

Ms. Amy Lemisch, Director
California Film Commission
7080 Hollywood Blvd, Suite 900
Hollywood, CA 90028

Dear Ms. Lemisch:

The Tobacco Education and Research Oversight Committee (TEROC) is a legislatively mandated oversight committee (California Health and Safety Code Sections 104365-104370) that monitors the use of Proposition 99 tobacco tax revenues for tobacco control and prevention education and for tobacco-related research in California. This includes the functions of the California Department of Public Health, California Tobacco Control Program; the California Department of Education; and the Tobacco-Related Disease Research Program at the University of California, Office of the President. Our legislative mandate includes the requirement to produce a comprehensive master plan for implementing tobacco education programs throughout the state for the prevention and cessation of tobacco use, and recommendations on administrative arrangements, funding priorities, integration and coordination of approaches by our tobacco control agencies.

TEROC is aware that in 2009, the California legislature appropriated \$500 million over five years for motion picture and television series production subsidies. We understand that film and television productions are already being qualified for the tax credits, with Credit Certificates to be issued this year. We are writing to express concern about the California Film and Television Tax Credit Program subsidizing commercial motion pictures with tobacco content.

There is clear evidence of the damaging effects of such films on youth smoking prevalence. A recent University of California, San Francisco report, *Taxpayer Subsidies for U.S. Films with Tobacco Imagery*, cites numerous research studies substantiating the link between tobacco imagery in films and youth smoking initiation, with the concomitant hazards of addiction and premature disease and death. This research suggests approximately 44 percent of adolescent smoking initiation can be attributed to exposure to onscreen smoking. In California, it is estimated almost 100,000 current high school-age youth started smoking because of this exposure to tobacco imagery in films. Of these smokers, tens of thousands will ultimately die from tobacco-induced disease. Other studies suggest youths who are heavily exposed to onscreen smoking are approximately two to three times more likely to begin smoking than youths who are lightly exposed.

Several recent national initiatives have directly addressed the impact of tobacco on children and youth. Last year, the Food and Drug Administration announced new rules making it harder for tobacco companies to target children and young teens. The new requirements, part of the 2009 Family Smoking Prevention and Tobacco Control Act, restrict sales and promotion of tobacco products to make them less accessible and attractive to young people. The U.S. Department of Health and Human Services has made countering youth exposure to onscreen smoking a priority in their new Strategic Action Plan, *Ending The Tobacco Epidemic*. The U.S. Institute of Medicine and National Cancer Institute have also both drawn attention to the damaging impact of tobacco imagery in films.

Tobacco industry researchers have exposed decades of collusion between the U.S. film industry and the tobacco industry to promote tobacco brands and smoking in films. In the Master Settlement Agreement between state Attorneys General, including the California Attorney General, and the major cigarette companies in 1998, the companies agreed to end brand placement. However, tobacco imagery in films continues to be a significant and pervasive issue. The attached study reveals that of the 147 top-grossing films released to U.S. theaters in 2008, 59 percent included tobacco imagery.

As many as 41 Attorneys General have approached the studio-distributors and their parent media corporations, urging that tobacco imagery in youth-rated films be eliminated. We understand that a number of studio distributors announced corporate policies discouraging tobacco imagery in future films marketed to youth. However, several years after these announcements, the majority of PG-13 films continued to feature tobacco imagery, including tobacco brands, and U.S.-produced, youth-rated films delivered billions of tobacco impressions to audiences in theaters alone, aside from DVD and other media channels.

Nationally, 60 percent of public film subsidies in 2008 supported films that promoted smoking among large numbers of adolescents. We understand that 32 productions have now been publicly named as being approved for subsidies under the California Film Commission Tax Credits program, with most films yet to be released and whose tobacco content cannot be determined. However, it is very troubling to TEROC that two out of the three PG-13 films qualifying for California tax credits released in theaters by December 1, 2010, featured tobacco imagery:

- *The Social Network* (Sony, PG-13; tax credit reserved: \$4.98 million) featured eight un-credited actors smoking, according to Breathe California's long-established tobacco content monitoring project, Thumbs Up! Thumbs Down!

- *Burlesque* (Sony, PG-13; tax credit reserved: \$7.23 million) featured smoking in many scenes by actor Stanley Tucci's character; smoking by actor Kristen Bell's character; and the appearance of a Camel cigarettes signboard, also reported by Breathe California.

The public subsidy of commercial entertainment products promoting tobacco use among adolescents runs counter to the intent of the Master Settlement Agreement. It is also contradictory that while California taxpayers' dollars are being allocated to public health prevention efforts to reduce youth smoking, millions more are being allocated to film subsidies that, in effect, are promoting smoking to teens. Any benefit that California film incentives might have for California's interstate competitiveness must be balanced against the proven, deadly risks to young audiences and the long-term health costs to the state.

California's tobacco control spending falls far below federal recommendations. The current Master Plan of TERO, *Toward a Tobacco-Free California 2009-2011: Endangered Investment* includes an objective to strengthen the California tobacco control program and reverse funding declines by preferentially funding program infrastructure and redirecting existing revenue sources, including general fund allocations. It is of particular concern that the \$100 million annual allocation to the California Film and Television Tax Credit Program is significantly higher than the annual allocation to California's tobacco prevention and education programs. This spending disparity also exists on a national level, with states spending more to subsidize films with smoking in 2008 than on public health programs that work to protect children, youth and adults from the hazards of tobacco.

We understand that there are detailed eligibility rules and standards for films to qualify for a subsidy under the California Film and Television Tax Credit Program. We urge your office to amend these rules and regulations so that California's incentive program reflects the public health priorities of our state and the nation. To align public film subsidies with public health evidence and goals, we strongly endorse the following policy solution:

Make future films with tobacco imagery or reference ineligible for public subsidies.

While California is a world leader in film and television production, our state also has a strong record of leading the nation and the world on tobacco prevention efforts. Our tobacco prevention efforts over more than 20 years have saved more than a million lives and \$86 billion in health care costs. It is unconscionable that one state program

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threatens to undermine our state's public health achievements and goals, our investment in tobacco prevention, and our savings in health care costs, particularly in a time of declining state revenues. State taxpayers should not be obliged to support film content that contributes to preventable disease and death, and that also exacerbates the state deficit. There is no legal barrier for states to exercise discretion regarding content that makes films ineligible to receive public funding.

We understand a coordinated campaign is underway to encourage other states and nations to address this issue. California should provide leadership in this matter and end film production subsidies for films with tobacco imagery. Continuing to provide subsidies for productions with tobacco imagery would undermine California's programs to prevent youth smoking, at great cost to all Californians.

We look forward to working with you to address this serious issue for the good of California. If you have any questions, you may contact me at (310) 794-0154, or via e-mail at mong@mednet.ucla.edu.

Sincerely,



Michael Ong, M.D., Ph.D.
Chairperson

Enclosures

cc: Mike Miller
Vice Chair
California Film Commission

Traci Stevens
Acting Secretary
California Business, Transportation and Housing Agency