

**North Dakota Legislature
Finance and Taxation Committee Hearing
Testimony of Eric Barker**

March 3, 2021

Altria Client Services Testimony in Support of Amended SB 2189

Mr. Chairman, Members of the Committee. Good Morning. My name is Eric Barker and I am the Director of Regulatory Strategy at Altria Client Services. I am here today on behalf of Altria and its tobacco company affiliates to support Amended Senate Bill 2189. This morning I would like to focus on Section 8 of the bill, which calls for a study on reduced harm nicotine products, including a review of “Modified Risk Tobacco Products” or MRTPs.

Modified risk tobacco products are “tobacco products that are sold...to reduce harm or the risk of tobacco-related disease associated with commercially marketed tobacco products.” Manufacturers must submit extensive data and evidence to the FDA for each product for which they seek an MRTTP authorization. The manufacturer must meet the rigorous standard that the “product, as it is actually used by consumers, will “significantly reduce harm and the risk of tobacco-related disease to individual tobacco users and benefit the health of the population as a whole taking into account both users of tobacco products and persons who do not currently use tobacco products.”

This is a high standard, and, to date, the FDA has authorized MRTTP applications for a Philip Morris International heated tobacco product and Swedish Match snus products.

An MRTTP should be an important indicator for those seeking to implement policies aiming to reduce the harms caused by combustible cigarette use.

We support the legislative management study included in this bill and believe this study presents an opportunity to more fully explore these important issues and identify policies that encourage the long-term goal of tobacco harm reduction.

Public health authorities agree that there is a broad continuum of risk among tobacco products, with cigarettes at the highest end of the spectrum. Some have also described a “risk cliff” reflecting the profound risk differential between combustible and non-combustible product categories as a whole. With the right FDA oversight, non-combustible products can play a significant role in tobacco harm reduction over the long term. Tax policy should support rather than hinder this long-term goal.

For example, Altria believes governments should refrain from taxing products that present reduced risk. If currently taxed, governments should maintain or lower taxes on MST, e-vapor, heated tobacco products, or other non-combustibles to be significantly less than combustible cigarettes.

In another example, 6 states have already determined that MRTTP products should face a reduced tax burden. As discussed, the FDA has a rigorous assessment process in place to evaluate the harm reduction potential of tobacco products. If a product meets the designation reviewed through the FDA’s MRTTP application, then legislatures should use tax policy to reflect this science and evidence-based conclusion by lowering the tax burden on these products.

Finally, we believe legislatures should also consider modernizing tobacco product definitions in tax statutes to reflect new and innovative reduced-harm tobacco products.

Altria supports a Tobacco Harm Reduction approach that encourages adult smokers who can't or won't quit smoking to switch to reduced harm alternatives – and for that reason we urge you to support Senate Bill 2189 as amended, including the call for study of reduced harm nicotine products including MRTPs.

We hope to be given the opportunity to provide more information to inform the study should this committee give this bill, as amended, a favorable DO pass recommendation.

Thank you.