

Senate Finance and Taxation Committee
SB 2189
January 19, 2021

Honorable Chairman Bell and Committee Members:

Good morning. I am Senator Brad Bekkedahl and I am the prime sponsor of SB 2189. Although I will defer to some of the folks who helped work on this bill to answer specific questions you may have about this bill's details, I want to take a moment to explain my support for SB 2189 and the two things the bill seeks to do.

Background

Electronic smoking devices are marketed and sold by companies as tobacco products. However, these devices are not defined or regulated under North Dakota law. Instead, electronic smoking devices are classified only as general merchandise, and as a result, are not subjected to any tobacco-related taxes. Likewise, the state does not currently license electronic smoking device manufacturers or distributors.

What the Bill Does

SB 2189 does two things. First, the bill requires that all distributors and dealers of electronic smoking devices be licensed in the same fashion as distributors and dealers of traditional tobacco products. Second, the bill imposes a tax on electronic smoking devices at the rate of 28% of the wholesale purchase price – the existing tax scheme and rate for cigars and pipe tobacco.

Why I Support the Bill

This bill is about public health. Studies have shown that increases in price of tobacco products, including those resulting from taxes, prevent initiation of use, promote cessation, and reduce the prevalence and intensity of tobacco use among youth and adults.

In 2019, approximately 1 in 3 North Dakota high school students reported using e-cigarettes.¹ E-cigarette use is not limited to youth, however. As a dentist, when I'm doing dental work in the military field, I often ask soldiers, "Do you use alcohol, and do you smoke?" Lately, I have been writing down vaping as one of the more common things that soldiers do. Vaping results in a much higher risk of developing gum disease and tooth loss. This is because one electronic cartridge (containing 200-400 puffs) can equal the smoking of 2-3 packs of cigarettes. The bottom line is that vaping can be just as dangerous, if not more so, than traditional cigarette smoking and we should take steps to prevent youth access to these products.

Due to the unregulated nature of electronic smoking devices and the alarming increase in use by both minors and adults, it is important that we as legislators carefully review our current approach to regulating tobacco products to ensure we are doing so in a manner that is sensible, responsive to industry's ever-changing products, and beneficial to the state and the health of its residents. I appreciate the efforts of industry to engage with us to promote healthier alternatives to traditional tobacco products and reduce youth entry to nicotine exposure and use, in tobacco and vaping products alike.

Conclusion

There are representatives of the tobacco coalition here that have supporting testimony and may introduce amendments for any discrepancies in the bill. I ask that you support their amendments and give SB 2189 a "Do Pass" recommendation. Chair Bell, I will now stand for any questions.

¹ https://www.tobaccofreekids.org/problem/toll-us/north_dakota