

Chairman Headland and members of the House Finance and Taxation Committee:

House Bill 1570 is a bill that follows the CDC's Best Practices for Comprehensive Tobacco Control Programs. Raising the price of tobacco is Best Practice in preventing youth from starting to use tobacco products; and getting youth and adults to quit tobacco.

The last time North Dakota increased the tax on tobacco was over thirty years ago in 1993.

HB 1570 would:

- increase the tax on cigarettes to \$1.53 per pack (equal to South Dakota)
- increase the tax on a can of snuff from 60 cents per ounce to \$1.96 per ounce
- increase the tax on chewing tobacco from 16 cents per ounce to 52 cents per ounce.
- tax on electronic smoking devices and alternative tobacco products at 56% of the wholesale price.

The increased tax is estimated to generate \$24.15 million in new annual revenue. HB 1570 proposes dedicating a portion of the tax revenue to a new fund – the tobacco tax distribution behavioral health fund – to provide depression and anxiety behavioral health services. This would help North Dakota youth whose tobacco use (including vapes), increases their rates of anxiety and depression.

The average tobacco tax in the United States is \$1.97 per pack. North Dakota's tax is 44 cents per pack, almost last in the nation.

Rates in the states surrounding us are as follows:

Minnesota: \$3.04 per pack

Montana: \$1.70 per pack

South Dakota: \$1.53

Costs to North Dakota and North Dakotans:

Annual health care costs in North Dakota caused by smoking: \$379 million

Medicaid costs caused by smoking in North Dakota: \$61.1 million

Taxpayer burden in North Dakota: \$910 per household

Smoking caused lost productivity in North Dakota: \$715 million

Impacts of a \$1.53 per pack rate:

- 500 youth from becoming adults who smoke
- encourage 1,700 adults who smoke to quit
- save the state \$320,000 in Medicaid spending over the next five years and \$28.55 million in long-term health care costs
- prevent 400 smoking-caused premature deaths.

Thank you,

Nancy Neary

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