



Testimony - HB 1570

February 12, 2025- House Finance and Tax Committee

Chairman Headland & Members of the House Finance and Tax Committee:

For the record, I'm Mike Rud, President of the North Dakota Petroleum Marketers Association. On behalf of NDPMA and well over 600 retail store fronts, I stand before you urging a **"DO NOT PASS"** recommendation on **HB 1570**.

I know there are numerous people waiting behind me to testify in opposition. I would just like to share a few numbers with you:

- **\$717,089,369.09 M**
- **\$143 M**
- **62-38**

\$717 Million is the amount of money the state of ND has received through the Master Settlement Agreement since 1999. In November 1998, the Attorneys General of 46 states, the District of Columbia and 5 U.S. territories reached an agreement to settle lawsuits or disputes with the tobacco industry regarding expenditures the states had incurred under their Medicaid programs for tobacco-related health care costs.

In the past 25 years, the state of ND has received an average of roughly **\$55 Million per biennium in MSA payments**.

The ND Department of Health shows the Community Health Trust Fund has a cash balance to date of **\$34,140,847.16**. This balance can only be spent when legislators appropriate the funds.

If ND needs money for increased depression and anxiety issues or to beef up the suicide prevention hotline, why not utilize these funds? It doesn't make sense to hit the people who can least afford it with a **SIN TAX!** Let's prioritize the state spending of **MSA \$\$** to help those in need.

\$143 Million. A little background to get us to that number. In 2018, ND tobacco users paid **\$120 Million** in state and federal excise taxes. That's 15% or about 120,000 North Dakotans paying an average of **\$1,000 annually** in user taxes. If HB 1570 passes, these same folks will be paying roughly **\$1,430 annually** to use a legal product. How much can the state and federal governments squeeze out of them? Isn't that enough already?

One last number. **62-38**. This was the final tally on the 2016 initiated measure seeking to raise state cigarette excise taxes by 400%. This measure failed overwhelmingly because nearly half of the North Dakotans who voted on this measure, people who weren't likely tobacco users, stood up and said **NO to a SIN TAX**, the worst of all taxes. Why? Because they didn't want to see their fellow North Dakotan, their neighbor, their friend punished for making an adult decision and purchasing a legal product.

Mr. Chairman and committee members, we all know there are many other vices out there that could be taxed. NDPMA wouldn't support a **SIN TAX** on those products either. And I will say it one more time, I find it hard to believe any legislators in the body campaigned on the pledge of pushing for any new consumer taxes, much less a **SIN TAX**.

Please give this bill a **DO NOT PASS** recommendation.

North Dakota currently appropriates 100% of the payments received under the tobacco settlement (Master Settlement Agreement) to the Community Health Trust Fund. This is a result of Senate Bill 2012 from 2019 with which the legislature decided that all money from the Tobacco Settlement fund must be transferred the Community Health Trust Fund.

In the 2021-2023 biennium, the state received \$48.1 million in settlement payments.

In the 2023-2025 biennium, the state estimates \$42.2 million in settlement payments.

The Community Health Trust Fund distributes the money to several different programs. The biggest items in 2021-2023 were:

HB 1012 (2021) appropriated \$31.5 million to for defraying expenses in the medical services division

\$5.1 million for tobacco prevention programs

\$5.1 million for tobacco Quitline

In the 2023-2025 biennium, the biggest expenses are:

SB 2012 (2023) appropriated

- o \$24 million to the child support computer replacement project
- o \$1.8 million to 988 crisis hotline program
- o \$700,000 to implement the cross-disability advisory council;
- o \$600,000 for a study of basic care funding rate
- o \$750,000 for costs of the health care task force

HB 1477 (2023) appropriated \$7 million to the Department of Health and Human Services for rural emergency medical services and rural ambulance services.

\$6.3 million for tobacco prevention programs

\$5 million for tobacco Quitline

\$1.8 million for the 988 crisis hotline

The settlement payment appropriation means that the Community Health Trust Fund is one of the best funded state trust funds in North Dakota.