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9:00 am CST

Senate Finance and Taxation Committee for the 69th ND Legislative Assembly

Chairman Weber, and members of the Senate Finance and Taxation Committee, hello, my name is Andrew Horn, and I am the Coalition Program Director for Tobacco Free North Dakota. The mission of Tobacco Free North Dakota is to improve and protect the public health of all North Dakotans by reducing the serious health and economic consequences of tobacco use, the state's number one cause of preventable disease and death. Thank you so much for your time this morning.

TFND is taking a neutral position on SB 2281 in its current form. This bill has some very good sections, but the price increase in section 3 does not meet CDC best practice recommendations and would need to be amended to those levels for TFND to fully support this bill.

Let's start with the good in this bill- SB 2281 includes additional language to define products like nicotine pouches, gels, and dissolvable products as tobacco products. This will close a loophole the tobacco industry exploits in current code, as products like synthetic nicotine pouches do not fit the current definition of chewing tobacco or snuff. The definition proposed in this bill also protects FDA approved nicotine replacement therapies, which are evidence-backed medications to help with tobacco cessation.

TFND is also supportive of the 28 percent of wholesale price tax proposed on electronic smoking devices and their substances, and alternative tobacco products in this bill. These products are currently only subjected to sales tax in North Dakota, so this would close another loophole in tobacco tax policy for our state.

According to the Surgeon General, increasing the price is one of the most effective interventions to reducing tobacco use.ⁱ The state has not changed our rate since the 1993 legislative session when the \$0.44 per pack was put in place. An inflation adjustment alone would raise that tax to \$0.97, a \$0.53 cent increase.ⁱⁱ

As I mentioned earlier in my testimony, the proposed price increase on cigarettes in section 3 of this bill does not fall in line with CDC best practice recommendations. This is because when price increases are done in small increments, the tobacco industry uses coupons and prices discounts to negate the incentive for consumers to quit. We ask for an amendment on page 4, line 24, to change the proposed twelve and one-half mills per cigarette to at least fifty-four and one-half mills per cigarette, which would push North Dakota's per pack cigarette tax in line with South Dakota at \$1.53. This amount would still be below the national average of \$1.97, as well as less

than the rates of our neighbors in Montana and Minnesota. ⁱⁱⁱ

Again, thank you for this time in front of you, Chairman Weber, and the Committee. It is very appreciated. I stand for any questions you may have.

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ⁱ https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf_NBK179276.pdf

ⁱⁱ https://www.bls.gov/data/inflation_calculator.htm

ⁱⁱⁱ <https://assets.tobaccofreekids.org/factsheets/0222.pdf>