

SB 2281 Testimony
Senate Finance and Tax Committee
Senator Kathy Hogan
January 27, 2025

Chairman Weber, for the record, my name is Kathy Hogan. I represent District 21 which is central Fargo and a portion of West Fargo.

SB 2281 is a bill that does three things.

1. Raises the cigarette and cigar tax by \$.25/pack
2. Adds a comparable tax on electric cigarettes (Vaping productions)
3. Designates that these additional funds be allocated through the DHHS budget to local public health units who are actively involved in monitoring youth smoking and 988 suicide prevention and intervention services.

Taxation is not my area of expertise. We do know that tobacco taxation is an effective method to improve health outcomes by reducing use. Some say incremental increases do not work. For young people, cost does make a difference and youth nicotine use is rising again.

The Youth Risk Behavior Survey (YRBS) is a national system of surveys used to monitor behaviors in school-aged children that can lead to poor health outcomes. North Dakota has conducted the YRBS in partnership with the Centers for Disease Control and Prevention (CDC) since 1995. On odd-numbered years, ND students in grades 7-8 and 9-12 are administered a voluntary, anonymous survey questionnaire. Schools, teachers, public health professionals, community leaders, and policymakers in North Dakota use YRBS data for decision making, evaluation, and planning. The link to the most recent survey <https://www.hhs.nd.gov/sites/www/files/documents/DOH%20Legacy/YRBS/2023%20High%20School%20Summary%20Data.pdf> (pages 16-31 are attached to this testimony) describes youth tobacco utilization rates in 2023. Vaping has been increasing every year.

The average taxation rate for cigarettes in the US is \$1.93 per pack. ND is currently at \$.44/pack, and this would raise that to \$.69/pack. Currently vaping is not taxed in ND and the significant increase in use is very concerning primarily for

our young people. Link to the state ranking of tobacco taxation:

<https://assets.tobaccofreekids.org/factsheets/0097.pdf> This tax increase will not impact ND sales because are neighboring states are all significantly higher: Minnesota is at \$3.04/pack, South Dakota is at \$1.09/pack and Montana is at \$1.70/pack. \$.69/pack will still be much lower.

Vaping taxation is an emerging area around the nation and here is the link to the 2024 taxation rates by the state <https://taxfoundation.org/data/all/state/vaping-taxes-2024/>. This bill includes the ad valorem method of taxation based on wholesale price. This bill is based on a 25% wholesale cost which would be the third lowest rate of the states using that methodology.

I am certain that you will have extensive testimony both supporting and opposing this bill. I am more than willing to answer any questions.

Thank you.