



Testimony- SB 2281

January 27, 2025- Senate Finance and Tax Committee

Chairman Weber & Members of the Senate 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 SB 2281.**

Perhaps more importantly than that, I stand before you asking for a **DO NOT PASS** on SB 2281 because of its egregious nature. This bill is the worst of all taxes. **IT IS A SIN TAX.** A tax that preys on some of the most economically disadvantaged consumers in ND. Honestly, I don't know of anyone in the 69th Legislative Assembly who campaigned on such a pledge.

If the proposed \$0.25 tax increase is passed, an average adult smoker earning less than \$15,000 a year will face at least a 7.7% tax on their income compared to a maximum tax of 1.2% for adult smokers earning more than \$100,000.

Worsening the regressive impact, 23.5% of adults in North Dakota who earn less than \$15,000 are smokers, whereas only 9.0% of adults who earn \$100,000 annually are smokers.

In 2018, state tobacco users paid nearly 120 MILLION DOLLARS in state and federal excise taxes. That's 15% or about 120,000 North Dakotans paying an average of \$1,000 each in user taxes. How much can state and federal government squeeze out of them? Isn't that enough.

The statistics I'm sharing with you in this document further prove the regressive nature of any additional tobacco taxes.

The Tax revenue information obtained from OMB shows the declining tax revenue being generated from current cigarette and tobacco taxes.

The information found below the tax figures comes from an NDPMA Member in Western ND. He was good enough to break out five categories of sales in both Tobacco and Alternative Tobacco Products since inflation set in 4 years ago. If you would like we can walk through the data, but the figures speak for themselves. All consumers have been hit hard in ND by inflationary prices and it's quite obvious the tobacco using public might be at the top of the list.

Yet given all these increases in consumer product costs, tax revenue is trending down. That tells me sales of these products are declining as the state tax graph indicates. Consumers are seeking different approaches to either curb or end the habit.

I will close with this information. You may recall in 2016 an initiated measure brought forward by the anti-tobacco groups called for a **\$400% tax increase**. I volunteered to serve as spokesperson in opposition to this measure. It was a long 6 months. I got continuous energy from all the ND residents calling into the radio

| | FY24 | FY23 | FY22 | FY21 |
|-------------------------------|---------------|---------------|---------------|---------------|
| Cigarette Tax | 14,570,774.87 | 16,058,687.64 | 17,680,718.75 | 19,100,113.64 |
| Cigar, Snuff, and Tobacco Tax | 6,749,720.68 | 6,759,326.15 | 6,771,049.22 | 6,883,646.43 |
| | 21,320,495.55 | 22,818,013.79 | 24,451,767.97 | 25,983,760.07 |

WHOLESALE COST **A 48-Month Inflationary Glance**

Zyn Nicotine

| | | % Increase from Previous | % Increase from Sep 2021 |
|----------------|--------|--------------------------|--------------------------|
| Pouches | | | |
| Jan-25 | \$4.23 | 1.05% | 16.28% |
| Sep-24 | \$4.18 | 2.90% | 15.07% |
| Jul-24 | \$4.07 | 2.32% | 11.83% |
| Oct-23 | \$3.97 | 0.90% | 9.29% |
| Feb-23 | \$3.94 | 3.60% | 8.32% |
| Aug-22 | \$3.80 | 1.61% | 4.56% |
| Apr-22 | \$3.74 | 0.75% | 2.90% |
| Feb-22 | \$3.71 | 2.14% | 2.14% |
| Sep-21 | \$3.64 | | |

Vape Pods

| | | % Increase from Previous | % Increase from Feb 2021 |
|------------|---------|--------------------------|--------------------------|
| 4pk | | | |
| Jan-25 | \$20.16 | 2.05% | 53.06% |
| Jun-24 | \$19.76 | 7.51% | 49.99% |
| Feb-23 | \$18.38 | 10.19% | 39.52% |
| Aug-22 | \$16.68 | 4.77% | 26.61% |
| May-22 | \$15.92 | 5.53% | 20.84% |
| Mar-22 | \$15.09 | 3.43% | 14.51% |
| Sep-21 | \$14.59 | 10.71% | 10.71% |
| Feb-21 | \$13.17 | | |

Camel Snus Tin % Increase from Previous % Increase from Feb 2021

| | | | |
|--------|--------|-------|--------|
| Jan-25 | \$5.54 | 8.88% | 45.37% |
| Nov-24 | \$5.09 | 5.05% | 33.51% |
| Jun-23 | \$4.85 | 5.03% | 27.09% |
| Feb-23 | \$4.62 | 3.01% | 21.00% |
| Oct-22 | \$4.48 | 3.46% | 17.47% |
| Apr-22 | \$4.33 | 3.16% | 13.53% |
| Jan-22 | \$4.20 | 3.39% | 10.06% |
| Jul-21 | \$4.06 | 6.45% | 6.45% |
| Feb-21 | \$3.81 | | |

Copenhagen Long Cut Can % Increase from Previous % Increase from Feb 2021

| | | | |
|--------|--------|-------|--------|
| Jan-25 | \$6.05 | 2.18% | 23.91% |
| Jul-24 | \$5.92 | 1.81% | 21.26% |
| Mar-24 | \$5.82 | 2.09% | 19.11% |
| Nov-23 | \$5.70 | 1.75% | 16.67% |
| Jul-23 | \$5.60 | 1.97% | 14.67% |
| Mar-23 | \$5.49 | 1.22% | 12.45% |
| Jan-23 | \$5.42 | 2.48% | 11.10% |
| Jul-22 | \$5.29 | 1.86% | 8.41% |
| Apr-22 | \$5.20 | 1.68% | 6.43% |
| Jan-22 | \$5.11 | 1.74% | 4.67% |

Marlboro Gold Box % Increase from Previous % Increase from Feb 2021

| | | | |
|--------|--------|-------|--------|
| Jan-25 | \$7.91 | 2.20% | 36.76% |
| Dec-24 | \$7.74 | 2.25% | 33.82% |
| Jul-24 | \$7.57 | 2.30% | 30.88% |
| May-24 | \$7.40 | 2.78% | 27.94% |
| Feb-24 | \$7.20 | 2.11% | 24.48% |
| Nov-23 | \$7.05 | 2.47% | 21.90% |
| Sep-23 | \$6.88 | 2.38% | 18.96% |
| May-23 | \$6.72 | 2.28% | 16.19% |
| Feb-23 | \$6.57 | 2.34% | 13.60% |
| Dec-22 | \$6.42 | 2.39% | 11.00% |
| Aug-22 | \$6.27 | 2.49% | 8.41% |
| May-22 | \$6.11 | 2.55% | 5.78% |
| Feb-22 | \$5.96 | 3.15% | 3.15% |
| Feb-21 | \$5.78 | | |

| | | | |
|--------|--------|-------|-------|
| Aug-21 | \$5.02 | 1.17% | 2.88% |
| May-21 | \$4.96 | 1.69% | 1.69% |
| Feb-21 | \$4.88 | | |

talk shows and accessing other forms of media supporting our cause. It was apparent that many people didn't want to see a SIN TAX leveled on their friends and neighbors. On election day, **ND citizens resoundingly shot down the measure by a 62-38% margin.** Think about that number. It meant nearly 50% of the state's residents sided with roughly 15% of the smoking public. That's neighbor looking out for neighbor.

If there is a need for more dollars for suicide prevention in ND, the state has adequate money available to cover those costs. Again, **NDPMA urges a DO NOT PASS on SB 2281.**