# MICROFILM DIVIDER OMB/RECORDS MANAGEMENT DIVISION SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

12029

2001 SENATE APPROPRIATIONS

SB 2029

#### 2001 SENATE STANDING COMMITTEE MINUTES

#### **BILL/RESOLUTION NO. SB2029**

Senate Appropriations Committee

☐ Conference Committee

Hearing Date January 17, 2001

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Minutes:

Senator Nething opened the hearing on SB2029.

Joe Morrissette, Legislative Council Analyst, explained the intent and the fiscal note. The 900 thousand noted in the fiscal note is not in the executive fund forecast.

Senator Nething: Plus water?

Joe Morrisseite: All

Linda Johnson, Director of School Health Programs, Department of Public Instruction, presented neutral testimony on SB2029 (a copy of her testimony is attached).

Senator Andrist: Your program -- the initiatives in the health department -- do we have a fractured focus? Is there a vision for all health school programs?

Linda Johnson: That's why Community funds make the decision -- all on same base, same page.

All research based -- all have common decision.

Page 2
Senate Appropriations Committee
Bill/Resolution Number SB2029
Hearing Date January 17, 2001

Representative Clara Sue Price, District #40, Minot, and Chair of the Interim Budget Committee on Health Care, reiterated information previously given by Joe Morrissette. The Interim Committee passed some recommendations to the health department, asking that they expand and put forward programs that the previous director had on healthy children. There is a need to conference, so many interested personnel in this area. The committee recommended 10% of the tobacco settlement remain in the health department trust. There is interest in clean water -- we have lots of pieces to put together.

<u>Senator Bowman</u>: The Interim Committee -- how do you balance different health issues -- water and smokers?

Representative Clara Sue Price: WE had a number of discussions; spent 2 years in the areas, in tracking 10% allocation, support for change, water issues, ED&F -- all coming now because of tobacco settlement. Public health is not cheap, and as it expands the cities and counties may seek property tax increased to support programs.

Senator Andrist: Committee -- part of the health department proposals?

Representative Clara Sue Price: Did not, we made recommendations.

Senator Andrist; Result of committee?

Representative Clara Sue Price: Concepts of disease control. Community support is necessary to keep program structure. Recommended the health department have a central depository of materials -- so that all schools and communities could access them free or at a reduced cost. Our committee visited with several individuals, seeking information regarding programs in other states that are working and are successful. Costs could be as little as \$1.50 for adults and \$1.00 per child across the state. We need to stay focused, use state as the experts --- there are areas that

Page 3
Senate Appropriations Committee
Bill/Resolution Number SB2029
Hearing Date January 17, 2001

have valuable data. We need to keep our programs going, need community support to be successful.

Senator Nething directed that the minutes reflect the testimony (with the individual's consent) given in SB2024 hearing be placed here in SB2029. Testimony by Don Flynn, Michael Dwyer, Dave Koland, Ken Rorse, Jane Herman, and Bruce Levi (copies are attached when written testimony given).

Hearing closed on SB2029.

Page 4
Senate Appropriations Committee
Bill/Resolution Number SB2029
Hearing Date January 17, 2001

#### Full Committee Action February 6, 2001 stape 1, side a, 23.4 - 32.1)

Senator Nething opened the hearing on SB2024.

Senator Andrist, Health Department Subcommittee Chair, spoke regarding SB2024, SB2028, and SB2029. The subcommittee felt the money best left in the general fund; moneys can be transferred from the general fund into the trust funds -- not the reversal.

Senator Andrist moved a DO NOT PASS; seconded by Senator Grindberg.

Discussion: Senator Tallackson: How much money is involved?

Senator Andrist: Not 5 million in fund; can't earn that much in 2 years.

Jim Smith, Legislative Council Analyst: 500 thousand here, rest in water trust.

Senator Andrist: Moneys out of general fund into trust funds -- wouldn't be able to transfer back ---best to keep dollars in the general fund.

Senator Robinson: Both governor's budgets recommended this, as the committee decided.

Senator Lindaas: Not into the individual funds?

Senator Andrist: Yes.

Senator Andrist moved a DO NOT PASS; seconded by Senator Grindberg. Roll Call Votes: 11 yes, 1 no, 2 absent and not voting. Motion carried. Senator Robinson accepted the floor assignment.

#### **FISCAL NOTE**

### Requested by Legislative Council 01/11/2001

#### REVISION

Bill/Resolution No.:

SB 2029

Amendment to:

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	1999-2001 Biennium		2001-2003	Biennium	2003-2005 Biennium		
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	
Revenues			(\$900,000)	\$900,000	(\$500,000)	\$500,000	
Expenditures							
Appropriations							

18. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

1999-2001 Biennium			2001-2003 Blennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	School unties Cities Districts Counties Cities				School Districts

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

SB 2029 directs that interest earned on moneys in the Water Development Trust Fund (WDTF) be deposited in the Community Health Trust Fund. Interest earned in the WDTF is currently deposited in the General Fund. HB 1151 indicates that the interest earned should remain in the WDTF. Therefore, HB 1151 and SB 2029 are in conflict. The amount of interest earned is highly dependent on the rate of expenditures out of the WDTF. The Executive Recommendation assumes that the Water Commission's operations expenditures (\$10.1 million) would be taken from the WDTF. If the Water Commission's operations are funded from the WDTF, the estimate of interest earned is \$900,000. If the Water Commission's operations are funded from the General Fund, the estimate of interest earned is \$1.4 million.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
  - A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

All calculations were based on a 5.5 percent average interest rate and assumes the WDTF would be drawn down to the \$3-\$5 million range before new bonds would be issued. Interest earned after July 1, 2003, would be less because of a lower average balance in the WDTF.

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expanditures and appropriations.

Name: Dale Frink	Agency: Water Commission
Phone Number: 326-4996	Date Prepared: 01/12/2001

# FISCAL NOTE Requested by Legislative Council 12/27/2000

REVISION

**Bill/Resolution No.:** 

**8B 2029** 

Amendment to:

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	1999-200 i Blennium		2001-200	3 Biennium	2003-2005 Biennium		
,	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	
Revenues	\$0		(\$900,000)		(\$500,000)		
Expenditures							
Appropriations							

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

1999-2001 Biennium			2001-2003 Blennium			2003-2005 Blennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	·~ · · · · · · · · · · · · · · · · · ·		
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant your analysis.

SB 2029 directs that Interest earned on moneys in the Water Development Trust Fund (WDTF) be deposited in the Community Health Trust Fund. Interest earned in the WDTF is currently deposited in the General Fund. HB 1151 indicates that the interest earned should remain in the WDTF. Therefore, HB 1151 and SB 2029 are in conflict. The amount of interest earned is highly dependent on the rate of expenditures out of the WDTF. The Executive Recommendation assumes that the Water Commission's operations expenditures (\$10.1 million) would be taken from the WDTF. If the Water Commission's operations are funded from the WDTF, the estimate of interest earned is \$900,000. If the Water Commission's operations are funded from the General Fund, the estimate of interest earned is \$1.4 million.

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  - A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

All calculations were based on a 5.5 percent average interest rate and assumes the WDTF would be drawn down to the \$3-\$5 million range before new bonds would be issued. Interest earned after July 1, 2003, would be less because of a lower average balance in the WDTF.

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Dele Frink	Agency:	Water Commission
Phone Number:	328-4998	Date Prepared:	12/27/2000

# FISCAL NOTE Requested by Legislative Council 12/14/2000

BIII/Resolution No.:

88 2029

Amendment to:

1A. State flecal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	1999-2001 Biennium		2001-200	2001-2003 Biennium		Biennium
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$900,000		\$500,000		\$500,000	
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: 'Identify the fiscal effect on the appropriate political subdivision.

1999-2001 Blennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts			School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant your analysis.

Interest earned on moneys in the Water Development Trust Fund (WDTF) currently accrues to the General Fund. The Water Commission's appropriation bill (HB 1023) includes language that the interest money would accrue to the WDTF. Therefore, SB 2029 and HB 1023 are in conflict. The amount of interest earned is highly dependent on the rate of expenditures out of the WDTF. The executive recommendation assumes that the Water Commission's operations expenditures (\$10.1 million) would be taken from the WDTF. If the Water Commission's operations are funded from the WDTF, the estimate of interest earned is \$900,000. If the Water Commission's operations are funded from the General Fund, the estimate of interest earned is \$1.4 million.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
  - A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

All calculations were based on a 5.5 percent average interest rate and assumes the WDTF would be drawn down to the \$3-\$5 million range before new bonds would be issued. Interest earned after July 1, 2003, would be less because of a lower average balance in the WDTF.

- B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.
- C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive

budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name: Dale Frink	Agency: Water Commission	
Phone Number: 326-4996	Date Prepared: 12/16/2000	

Date: 2-4	-0	_	······································	·
Roll Call Vote #:	/			

# 2001 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 5 6 2029

Senate Appropriations				Comi	mittee
Subcommittee on					
or Conference Committee					
Legislative Council Amendment N	umber _				
Action Taken	1 /4	of ,	Dan		Paragraph Port Section 2015
Motion Made By	rist	S B	econded y	holus	gir
Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	<u> </u>				
Ken Solberg, Vice-Chairman	- 1				
Randy A. Schobinger					
Elroy N. Lindaas					
Harvey Tallackson	<i>V</i>				
Larry J. Robinson					
Steven W. Tomac	<i>\\</i>				
Joel C. Heitkamp	V				
Tony Grindberg	V				
Russell T. Thane					
Ed Kringstad					
Ray Holmberg	<u> </u>				
Bill Bowman	- '-				
John M. Andrist	<b>/</b>				
Total Yes	3	No	0		
Absent		<i>K</i>	<u></u>		
Floor Assignment	to		rendberg	<del></del>	
f the vote is on an amendment, brid	efly indicate	te intent:			

### REPORT OF STANDING COMMITTEE (410) February 8, 2001 10:48 a.m.

Module No: SR-21-2456 Carrier: Grindberg Insert LC: Title:

REPORT OF STANDING COMMITTEE

88 2029: Appropriations Committee (Sen. Nething, Chairman) recommends DO NOT PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2029 was placed on the Eleventh order on the calendar.



2001 TESTIMONY SB 2029

# TESTIMONY ON SB 2029 APPROPRIATIONS COMMITTEE

January 17, 2001

By Linda L. Johnson, Director of School Health Programs
328-4138
Department of Public Instruction

Mr. Chairman Nething and members of the committee:

My name is Linda Johnson and I am the Director of School Health Programs for the Department of Public Instruction. I am here to provide information regarding the need for more dollars in the community health trust fund from a school needs perspective.

Local school districts, an integral part of every community, will hopefully be able to access some of these community health trust fund dollars to improve prevention of tobacco use and addiction. Schools are an integral part of an effective comprehensive tobacco prevention plan. Schools need dollars to move "beyond the video" type presentations to students and into effective prevention programs.

Our Department offers training on two research-based and proven effective curriculums for sixth through ninth grades. Districts may currently access their \$9.50 per student allocations from Safe and Drug Free Schools for training personnel and purchasing curriculum. However, many districts are already using these limited dollars to supplement extra hours for counselors, also working in the prevention area. Therefore, the district would need to find other local dollars for one or the other of these projects.

Research based curriculum are proven to make a difference by preventing and delaying onset of student use of tobacco. They deliver knowledge and skills at an age-appropriate level. The costs are as follows:

#### TNT - Towards No Tobacco Use

Teacher Training	\$750	Trainer Fee
Teacher Stipend/Sub Pay		District Discretion
Cost Per Teacher	\$165	This includes teacher handbook and videos
Cost Per Student	\$3.80	Per student workbook
Shipping and Handling	10%	Of total order for orders \$1.00-500.00
	9%	Of total order for orders 500.01 plus

#### Life Skills Training

Teacher Training	\$750	Trainer Fee
Teacher Stipend/Sub Pay		District Discretion
Cost Per Teacher	\$275	
Cost Per Student	\$6.00	Per student handbook
Shipping and Handling	5%	Of total order

More dollars for tobacco prevention programs have proven in other states to make a difference in tobacco use.

Sh 2029 also

### SB 2024 Testimony June Herman, American Heart Association

I am testifying today in a neutral position on this bill. We appreciate the much-needed additional funding support for public health, yet express concern regarding potential public reaction to a perception that affordable cessation support is available only to government employees. We also wish to share both potential cost savings to the state, and mention non-state revenue that the state has foregone.

North Dakota unfortunately has the distinction of having the third highest youth use rate in the nation. When 90% of smokers start before age 18, these rates are alarming. The cost to treat the health problems caused by this leading preventable risk factor will continue to escalate, and increase the tax burden for North Dakotans – currently estimated at almost \$300 per household per year.

Prevention experts have identified three proven methods that have significantly reduced consumption rates:

- Media: Kids are three times more sensitive to tobacco advertising than adults, and are more likely to be influenced to smoke by cigarette marketing than by peer pressure. 1/3 of underage experimentation with smoking is attributable to tobacco company advertising.
- Product cost: A cigarette excise tax increase, irregardless of how the income is spent
- Social Influences: Providing broad based cessation encouragement and cessation drug support is a step

Other states are funding tobacco prevention efforts, and reporting significant decreases:

- Massachusetts: 33% reduction. Youth rates decreased from 48% to 8%.
- California: Decreased by two times the national average.
- Oregon: 11% in two years
- Florida: smoking among middle school children has declined from 18.5 percent to 8.6 percent, and high school smoker fell from 27.4% to 20.9%.

In North Dakota: with no comprehensive plan, youth smoking rose from 39.6% to 40.6%. It may be informative for the state to have an economic study of both the anticipated cost over the remaining 23 years of the tobacco settlement payments at our current youth use rates, vs. applying the cost of intervention and using a conservative estimate of reduction base on the experiences of some of the other states.

In the past two years, North Dakota has also lost out on the opportunity for millions of dollars in non-state funds to augment any state resources to address tobacco problems.

- Robert Wood Johnson grant (withdrawal of state health department support for the grant)
- American Legacy Foundation: (no demonstrated state expenditures for tobacco prevention)
- Center of Disease Control and Prevention: Cardiovascular disease grant application discontinued.

Last session, you encouraged a comprehensive solution to the state's water problems, envisioning both the human and financial costs and lost opportunities by not acting. Your same efforts can yield additional results for the state on reducing the treatment and emergency medical costs related to this state's leading preventable risk factor. Payments to the health trust funds during the past biennium and this biennium, plus directing the interest on the trust funds established last session, provides the opportunity to explore appropriations to address this problem.

I offer this same testimony for your consideration in regard to SB 2028 and SB 2029 which you will hear later today, and SB 2023 which is scheduled for tomorrow morning.

### RAISING STATE TOBACCO TAXES ALWAYS REDUCES TOBACCO USE (AND ALWAYS INCREASES STATE REVENUES)

For over 15 years, economic research studies have consistently documented the fact that cigarette price increases reduce smoking, especially among kids. These studies currently conclude that every 10 percent increase in the real price of cigarettes will reduce the total amount of adult smoking by about four percent and reduce teen smoking by roughly seven percent. Over the past decade or so, many states have raised their cigarette tax rates and, as the economic research predicts, the tax increases reduced cigarette consumption in each of these states below what it would otherwise have been. Nevertheless, every single one of these states also enjoyed increased cigarette tax revenues, despite the reductions in smoking and cigarette sales. Put simply, in every state the revenue losses from fewer cigarette sales were more than made up for by the increased state revenues per pack.

#### Recent State Experiences With Tobacco Tax Increases

State	Date	Tax increase Amount (per pack)	New Tax (per pack)	Consumption Decline (percent)	Revenue Increase (percent)	New Revenues (millions)
Alaska	1997	71¢	\$1.00	-13.5%	+202%	\$28.7
Hawall	1998	20¢	\$1.00	-8.1%	+19.9%	\$6.4
Illinois	1997	14¢	58¢	-8.9%	+19.0%	\$77.4
Maine	1997	37¢	74c	-15.5%	+66.7%	\$30.8
Maryland	1999	30¢	66c	-16.3%	+53.9%	\$69.0
Massachusetts	1996	25¢	76c	-14.3%	+28.0%	\$64.1
Michigan	1994	50¢	75¢	-20.8%	+139.9%	\$341.0
New Jersey	1998	40¢	80¢	-16.8%	+68.5%	\$166.6
Oregon	1997	30¢	78c	-8.3%	+77.0%	\$79.8
Rhode Island	1997	10¢	71¢	-1.5%	+16.2%	\$8.6
South Dakota	1995	10¢	33¢	-5.6%	+40.4%	\$6.1
Utah	1997	25¢	51.5c	-25.7%	+42.4%	\$12.7
Vermont	1995	24¢	44c	-16.3%	+84.2%	\$11.7
Wisconsin	1997	15¢	59¢	-6.5%	+25.8%	\$52.9

Sources: Orzechowski & Walker, *Tax Burden on Tobacco* (2000) (a tobacco industry funded compilation of state tobacco tax, price, and revenue data); Maryland data from State Comptroller's Office. Consumption declines and revenue increases calculated from the full fiscal year before the tax increase to the full year after the tax increase.

Complete data from California and New Hampshire, which increased their cigarette taxes in 1999, are not yet available. But newspaper reports noted that in the six months after California raised its tax by an additional 50 cents per pack (to 87 cents per pack), state cigarette sales fell by 30 percent compared to same six months in 1998 while revenues increased. In addition, the early evidence from New York state -- which raised its cigarette taxes by 55 cents to \$1.11 per pack (the highest rate in the country) in March 2000 -- shows that state cigarette sales had dropped by more than 48 percent in the second month after the tax increase compared to the same month a year earlier but the state's cigarette tax revenues had still increased by \$1.5 million. Increased by \$1.5 million.

#### Cigarette Company Attacks on State Tobacco Tax Increases

Internal tobacco industry documents that have been made public in the various lawsuits against the cigarette companies show that since at least the early 1980s the companies have fully accepted the fact that cigarette tax increases reduce their sales, especially among kids (their replacement customers). Accordingly, it is not surprising that the companies spend millions of dollars to oppose any proposed state tobacco tax increases. But when the cigarette companies argue that state cigarette tax increases will not reduce smoking or that state tobacco revenues will be eroded by cigarette smuggling and cross-border purchases they are ignoring the firmly established fact that every single state that has significantly increased its cigarette taxes has experienced both reduced cigarette sales and increased state revenues.

Despite this fact, 36 states have not increased their cigarette tax rates for at least five years, and 17 of those states not having increased their cigarette taxes for ten years or more. Six states have not increased their cigarette taxes since the 1970s or 1960s. In most cases, state cigarette tax rates have been substantially eroded by inflation -- and now constitute a much smaller percentage of the total price of a pack of cigarettes -- compared to when they were first passed into law.

The National Center for Tobacco-Free Kids, September 11, 2000

See, e.g., Chaloupka, F. J., "Macro-Social Influences: The Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products," Nicotine and Tobacco Research (forthcoming); Chaloupka, F. J. & R. Pacula , An Examination of Gender and Race Differences in Youth Smoking Responsiveness to Price and Tobacco Control Policies, National Bureau of Economic Research, Working Paper 6541 (April 1998). See, also, Gruber, J. & J. Zinman, "Youth Smoking in the U.S.: Evidence and Implications," National Bureau of Economic Research Working Paper No. 7780 (July 2000); Purcell, W. D., Changing Prices, Changing Cigarette Consumption, Virginia Tech Rulai Economic Analysis Program (May 1999); Evans, W.N., and L.X Huang, "Cigarette Taxes and Teen Smoking: New Evidence from Panels of Repeated Cross-Sections,\* Manuscript, Department of Economics, University of Maryland (1998); Credit Sulsse, "Sensitivity Analysis on Cigarette Price Elasticity," First Boston Corporation (December 1998); Evans, W. N. & L. X. Huang, Cigarette Taxes and Teen Smoking: New Evidence from Panels of Repeated Cross-Sections, working paper (April 15, 1998); Harris, J. E. & S. W. Chan, "The Continuum-of-Addiction: Cigarette Smoking In Relation to Price Among Americans Aged 15-29," Health Economics Letters 2(2) 3-12 (February 1998); U.S. Centers for Disease Control and Prevention (CDC), "Responses to Cigarette Prices By Race/Ethnicity, Income, and Age Groups - United States 1976-1993," Morbidity and Mortality Weekly Report 47(29): 605-609 July 31, 1998); Institute of Medicine, Taking Action to Reduce Tobacco Use, the National Academy of Sciences (1998); Chaloupka. F. J. & M. Grossman, "Cigarette Taxes: The Straw to Break the Camel's Back," Public Health Reports 112(4): 291-97 (July/August 1997); Lewitt, E.M., A. Huland, N. Kerrebrock, and K.M. Cummings, "Price, Public Policy and Smoking in Young People," Tobacco Control, 6(S2)"17-24 (1997); Chaloupka, F.J., and M. Grossman, "Price, Tobacco Control Policies, and Youth Smoking," National Bureau of Economic Research Working paper Number 5740 (1996); National Cancer Institute, The Impact of Cigarette Excise Taxes on Smoking Among Children and Adults: Summary Report of a National Cancer Institute Expert Panel (1993); Lewit, E.M., and D. Coate, "The Potential for Using Excise Taxes to Reduce Smoking, " Journal of Health Economics, 1(2):121-54 (1982).

<sup>&</sup>lt;sup>2</sup> See, e.g., Reuters, "California Cigarette Sales Plunge After New Tax" (September 13, 1999).

<sup>&</sup>lt;sup>3</sup> Odato, J., "Clgarette Sales Sink Under Helty Tax," Albany Times Union (May 25, 2000).

<sup>&</sup>lt;sup>4</sup> See, e.g., Philip Morris Executive Jon Zoler, "Handling An Excise Tax Increase," (September 3, 1987), PM Bates Number: 2058122240/2241; R.J. Reynolds Executive D. S. Burrows, "Estimated Change In Industry Trend Following Federal Excise Tax Increase" (September 20, 1982), RJR Bates Number 500045052 -5132; Philip Morris Research Executive Myron Johnston, "Teenage Smoking and the Federal Excise Tax on Cigarettes" (September 17, 1981). PM Bates Number: 2001255224/5227.

# STATE CIGARETTE TAX RATES AND DATE OF LAST INCREASE

	Cigarette Tax	Rank	State of Last State Tax Increase	Cig. Tax Revenue in FY 1999	Cig. Pack Saies FY	Adult Smoking Bete	Youth Smoking
	(per pack)			(millions)	(millions)	(percentage)	(Dercentage)
State Average	0.42	///	///	\$150.8	422.3	23.2	32.6
Alabama	0.165	43	7/1/84	\$65.4	435.1	24.6	36.6
Alaska	1.00	2	10/1/97	\$42.9	42.9	26.0	33.9
Arizona	0.58	15	11/29/94	\$163.1	281.1	21.9	15.0
Arkansas	0.315	29	7/1/93	\$81.5	264.5	26.0	39.6
California	0.87	4	1/1/99	5541.9	1523	19.2	26.6
Coforado	020	37	7/1/86	\$59.5	309.9	22.8	36.6
Connecticut	0.50	19	7/1/94	\$118.8	240	21.1	31.2
	0.24	83	1/1/91	\$24.3	102.2	24.5	32.2
Washington, DC	0.65	13	7/1/93	\$17.4	26.9	21.6	22.7
Florida	0.339	27	7/1/90	\$428.5	1292.7	22.0	27.4
Georgia	0.12	46	4/1/71	\$85.7	726.6	23.7	35.3
Hawaii	1.00	2	2/1/28	\$38.9	38.6	19.5	27.9
Idaho	0.28	31	7/1/94	\$24.2	6.06	20.3	27.0
Illinois	0.58	15	12/16/97	\$485.6	858.8	23.1	34.0
Indiana	0.155	44	7/1/87	\$116.3	781.6	26.0	36.1
lowa	0.36	24	6/i/91	\$92.3	261.6	23.4	35.8
Kansas	0.24	32	10/1/85	\$51.0	216.2	21.2	42.1
Kentucky	0.03	99	7/1/70	\$17.6	646.2	30.8	41.5
Louisiana	0.20	37	8/1/90	\$82.8	439.6	25.5	33.3
Maine	0.74	ð	11/1/97	\$76.9	106.2	22.4	31.2
Maryland	0.66	12	7/1/99	\$129.6	363.5	22.4	32.0
Massachusetts	0.76	7	10/1/96	\$279.6	369.4	20.9	30.3
Michigan	0.75	8	5/1/94	\$597.2	798.5	27.4	34.1
Minnesota	0.48	20	7/1/92	\$177.3	378.3	18.0	35.4
Mississippi	0.18	33	6/1/85	\$47.2	283.8	24.1	31.5
Missoun	0.17	41	10/1/93	\$105.0	637.5	26.3	32.8
Montana	0.18	39	8/15/93	\$12.7	72.6	21.5	35.0
Neoraska	0.34	26	7/1/93	\$47.3	143.5	22.1	37.3
Nevada	0.35	25	7/1/89	\$59.1	174.2	30.4	32.6

State	Current	National	Date of Last	Cig. Tax	Cia Pack	Actuit	400
	Cigarette	Rank	State Tax	Revenue in	Sales FY	Smoking	Smoking
-	Tax		Increase	FY 1999	1999	Rate	Rate
	(hai hack)			(millions)	(millions)	(percentage)	(percentage)
New Hampshire	0.52	17	7/1/99	\$72.0	201.4	23.3	34.1
New Jersey	0.80	9	1/1/98	\$409.7	511.8	19.2	36.2
New Mexico	0.21	36	7/1/93	\$21.1	103.3	22.6	24.7
New York	1.11	<b>4-2</b>	3/1/00	\$637.0	1140.8	24.3	31.8
North Carolina	0.05	49	8/1/91	\$41.8	839.8	24.7	35.8
North Dakota	0.44	21	7/1/93	\$21.0	47.9	20.0	40.6
Ohio	0.24	32	1/1/93	\$269.3	1163.8	26.2	40.3
Oklahoma	0.23	35	6/1/87	\$64.2	369.7	23.8	29.0
Oregon	0.68	## ##	2/1/97	\$173.4	259.1	21.1	23.0
Pennsylvania	0.31	30	8/19/91	\$333.3	1095.1	23.8	35.0
Rhode island	0.71	10	7/1/97	\$60.2	85.8	22.7	35.4
South Carolina	70.0	48	77,11,7	\$27.6	411.2	24.7	36.0
South Dakota	0.33	28	7/1/95	\$19.4	61.6	27.3	43.6
Tennessee	0.13	45	6/1/69	\$78.7	620.7	26.1	37.5
Texas	0.41	23	7/1/90	\$524.2	1314.7	22.0	24.6
Utah	0.515	18	7/1/97	\$46.5	90.4	14.2	11.9
Vermont	0.44	21	7/1/95	\$23.7	55.4	22.3	33.4
Virginia	0.025	51	9/1/66	\$15.5	687.8	22.9	29.0
Washington	0.825	2	7/1/96	\$252.2	309.1	21.4	22.3
West Virginia	0.17	41	8/1/78	\$33.3	204.1	27.9	42.2
Wisconsin	0.59	14	11/1/97	\$257.4	443.4	23.4	38.1
Wyoming	0.12	46	7/1/89	\$5.7	50.3	22.8	35.2
State Average	0.42	111	///	\$150.8	422.3	23.2	32.6

Sources: Tax data from Tax Burden on Tobacco (2000). Adult smoking data from the U.S. Centers for Disease Control and Prevention (CDC), 1998 Behavioral Risk Factor Surveillance System (1999). Youth smoking rates from CDC. Youth Risk Behavior Surveillance -- United States, 1999 (2000) and from the most comparable data available from those states not participating in the YRBS.

#### CDC's Guidelines for School Health Programs

# **Preventing Tobacco Use and Addiction**

#### At-A-Glance

Each day, more than 5,000 young people across the United States become daily smokers. Most start this deadly habit not fully understanding that nicotine in tobacco is as addictive as heroin, cocaine, or alcohol. Most also underestimate the health consequences, even though tobacco use is the leading cause of preventable death in the United States. School programs to prevent tobacco use among young people can make a major contribution to the health of the nation, particularly when these programs are coordinated with community efforts.

# BENEFITS OF PREVENTING TOBACCO USE AMONG YOUNG PEOPLE

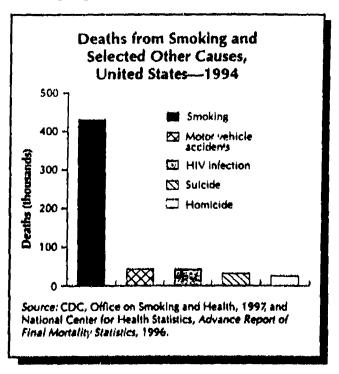
- Helps prevent long-term health problems and premature death.
- Promotes optimal health and decreases school days missed because of respiratory illnesses.
- Dramatically decreases the likelihood that a young person will become a regular tobacco user as an adult.

### CONSEQUENCES OF TOBACCO USE

 Tobacco use causes more premature deaths in the United States than any other preventable risk. Of all people less than 18 years old in 1995,

an estimated 5 million will die prematurely from smoking-related illnesses.

- Cigarette smoking causes heart disease; stroke; chronic lung disease; and cancers of the lung, mouth, pharynx, esophagus, and bladder.
- Cigarette smoking increases coughs, shortness of breath, and respiratory illnesses; decreases physical fitness; and adversely affects blood cholesterol levels.



• Smokeless tobacco is not a safe alternative to cigarettes. Using it causes cancers of the mouth, pharynx, and esophagus; gum recession; and an increased risk for heart disease and stroke.

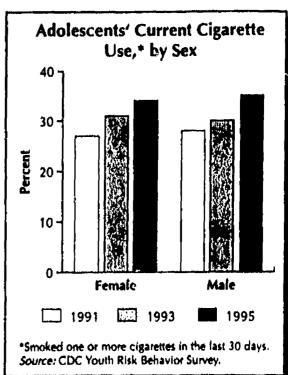




- Smoking cigars increases the risk of oral, laryngeal, esophageal, and lung cancers.
- Second-hand tobacco smoke can cause respiratory illnesses, increase the risk of lung cancer and heart disease, and trigger asthma attacks.
- Tobacco use causes stained teeth, bad breath, and foul-smelling hair and clothes.

#### TOBACCO USE BY TEENS

- The rate of teen smoking is rising: 35% of high school students were current smokers in 1995, compared with 28% in 1991.
- 71% of high school students have tried cigarettes.
- The younger people are when they start using tobacco, the more likely they are to become strongly addicted to nicotine.
- 89% of persons who ever smoked daily first tried a cigarette at or before age 18; 25% of high school students smoked a whole cigarette before age 13.
- 11% of high school students use smokeless (snuff or chewing) tobacco; 27% have smoked a cigar in the past year.



• 3 out of 4 teenage smokers have tried to quit at least once—but failed.

#### THE OPPORTUNITY

Well-designed, well-implemented school programs to prevent tobaccouse and addiction

- Have proved effective in preventing tobacco use.
- Provide prevention education during the years when the risk of becoming addicted to tobacco is greatest.
- Provide a tobacco-free environment that establishes nonuse of tobacco as a norm and offers opportunities for positive role modeling.
- Can help prevent the use of other drugs, especially if the program addresses the use of these substances.

#### CDC's Guidelines for School Programs to Prevent Tobacco Use

DC's Guidelines for School Health Programs to Prevent Tobacco Use and Addiction were designed to help achieve national health and education goals. They were developed in collaboration with experts from 29 national, federal, and voluntary agencies and are based on an extensive review of research and practice.

#### KEY PRINCIPLES

School programs to prevent tobacco use and addiction will be most effective if they

- Prohibit tobacco use at all school facilities and events.
- Encourage and help students and staff to quit using tobacco.
- Provide developmentally appropriate instruction in grades K-12 that addresses the social and psychological causes of tobacco use.
- Are part of a coordinated school health program through which teachers, students, families, administrators, and community leaders deliver consistent messages about tobacco use.
- Are reinforced by community-wide efforts to prevent tobacco use and addiction.

#### RECOMMENDATIONS

The guidelines include seven recommendations for ensuring a quality school program to prevent tobacco use.

# 1 Policy

Develop and enforce a school policy on tobacco use. The policy—developed in collaboration with students, parents, school staff, health professionals, and school boards—should

- Prohibit students, staff, and visitors from using tobacco on school premises, in school vehicles, and at school functions.
- Prohibit tobacco advertising (e.g., on signs, T-shirts, or caps or through sponsorship of school events) in school buildings, at school functions, and in school publications.
- Require that all students receive instruction on avoiding tobacco use.
- Provide access and referral to cessation programs for students and staff.
- Help students who violate smoking policies to quit smoking rather than just punishing them.

### **7** Instruction

Provide instruction about the short- and long-term negative physiologic and social consequences of tobacco use, social influences on tobacco use, peer norms regarding tobacco use, and refusal skills. This instruction should

- Decrease the social acceptability of tobacco use and show that most young people do not smoke.
- Help students understand why young people start to use tobacco and identify more positive activities to meet their goals.

 Develop students' skills in assertiveness, goal setting, problem solving, and resisting pressure from the media and peers to use tobacco.

Programs that only discuss tobacco's harmful effects or attempt to instill fear do not prevent tobacco use.

3 Curriculum

#### Provide tobacco-use prevention education in grades K-12.

- This instruction should be introduced in elementary school and intensified in middle/junior high school, when students are exposed to older students who typically use tobacco at higher rates.
- Reinforcement throughout high school is essential to ensure that successes in preventing tobacco use do not dissipate over time.

 $m{4}$  Training

Provide program-specific training for teachers. The training should include reviewing the curriculum, modeling instructional activities, and providing opportunities to practice implementing the lessons. Well-trained peer leaders can be an important adjunct to teacher-led instruction.

5 Family Involvement

Involve parents or families in support of school-based programs to prevent tobacco use. Schools should

- Promote discussions at home about tobacco use by assigning homework and projects that involve families.
- Encourage parents to participate in community efforts to prevent tobacco use and addiction.

6 Tobacco Cessation Efforts

Support cessation efforts among students and school staff who use tobacco. Schools should provide access to cessation programs that help students and staff stop using tobacco rather than punishing them for violating tobacco-use policies.

Evaluation

Assess the tobacco-use prevention program at regular intervals. Schools can use CDC's Guidelines for School Health Programs to Prevent Tobacco Use and Addiction to assess whether they are providing effective policies, curricula, training, and cessation programs.

This brochure and the complete text of CDC's Guidelines for School Health Programs to Prevent Tobacco Use and Addiction can be reproduced and adapted without permission. The guidelines and this brochure are on the internet at http://www.cdc.gov/nccdphp/dash. (Click on "Strategies" and then select "School Health Programs.") Print copies are available from: CDC, Division of Adolescent and School Health, ATTN: Risource Room, 4770 Buford Highway, Mailstop K-32, Atlanta, GA 30341-3724; phone: (770) 488-3082. CDC's Division of Adolescent and School Health also distributes guidelines for school health programs to prevent the spread of AIDS, to promote healthy eating, and to promote physical activity.

Chairman Nething, members of the Committee,

5 30 2 150

Good afternoon. I am Don Flynn from Scranton, North Dakota. Scranton signed contract number one with the State Water Commission March 15, 1983 and we still do not have water.

I am the Vice-Chairman of the Southwest Water Authority. I come today to speak in AGAINST Senate Bill 2024. This bill would take the interest earned on monies in the Water Development Trust Fund and transfer that interest to the Health Trust Fund.

The State Budget, as currently presented, will take the Water Commission budget of approximately \$10.1 million from the Water Development Trust Fund. This \$10.1 million, along with the transfer of interest requested in \$2024 will in fact reduce the amount of funding available for statewide water development projects.

At three percent inflation, an engineer's estimate is that it will cost an additional \$15 million to complete construction on the Southwest Pipeline Project than it would if the project were completed this year. Most water development projects are built over a period of years. The costs will increase

and the interest earned on the Water Development Trust Fund will be needed to keep pace with the increased costs.

This committee will make many difficult decisions during this session. We simple ask that you keep these arguments in mind as you make those difficult decisions.

Thank you.

also 562029

### SB 2024 Bruce Levi, North Dakota Medical Association

Last fall, North Dakota's physicians adopted a resolution supporting the development in North Dakota of a science-based, comprehensive tobacco prevention and dependence treatment program.

In coming to that conclusion, physicians relied on the following points:

The use of tobacco products by North Dakota citizens has resulted in devastating health and economic consequences, including 1050 deaths each year, and healthcare expenditures of over \$180 million (over 11% of all health care expenditures in North Dakota) -- the burden being imposed on taxpayers, businesses, individuals, and government.

Tobacco companies spend \$12 million annually advertising their products in North Dakota, influencing more than 22% of our citizens to smoke and chew tobacco and giving our state the third worst national ranking in per capita death rate, as well as the third highest youth smoking rate in the nation.

Primary care physicians in North Dakota are in the unique position of seeing the tragic effects of smoking and second-hand smoke in their patients on a daily basis, including cases of heart disease, lung cancer, emphysema, bronchitis, pneumonia, sinusitis, and ear infections in both adults and children.

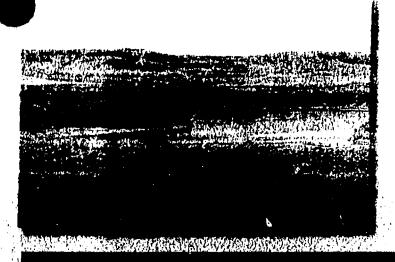
The North Dakota Chapters of the American Academy of Family Physicians, the American Academy of Pediatrics, and the American College of Physicians – American Society of Internal Medicine have each given their support to a strong tobacco education and prevention program in North Dakota.

The U.S. Centers for Disease Control has developed a science-based approach to tobacco prevention and cessation illustrating "best practices" strategies and programs to be implemented on a state-wide basis, including community programs to reduce tobacco use, chronic disease programs, school programs, enforcement efforts, statewide programs, countermarketing, and cessation programs.

Research shows that these best practice strategies are most effective when they are all integrated into a comprehensive program. The experience in other states with comprehensive programs such as Massachusetts, California, Oregon and Florida shows that, when adequately funded, these comprehensive programs can quickly and substantially reduce tobacco use.

We encourage the committee to take steps to begin development in North Dakota of a comprehensive approach to tobacco prevention. The North Dakota Medical Association stands ready to provide information and technical assistance from physicians if necessary to assist the committee.

### AND THE PARK OF TH



#### Missouri River

The Corps of Engineers Master Manual, bank protection and a comprehensive plan for future growth are among the major concerns



A permanent solution for the tamage to homes, and and infrastructure from the 12 foot rise of 12 le lake must be achieved.

### North Dakota Water Coalition Priorities 2001-2003 Biennium

-		TI	44	•	-	-	-	•
-	u		-		MI	~		u

SB 2188 Projects (Projects authorized in 1999 as part of SB 2188 but not yet contracted for construction) State Funds (in millions of dollars)

31.5

<b>NEW FUNI</b>	DING	NEE	<b>D</b> 5
1. Municin	al and	Rura	I W

al and Rural Water Supply

2. Irrigation

3. General Water Management

4. Flood Control

5. Eastern Dakota Water Supply

6. Devils Lake

7. Missouri River Management\*

8. Northwest Area Water Supply

State Funds

15.00

3.29

5.00 5.75

9. Southwest Riveline

Note: These priorities are for new funding only.

Funding will be provided through lederal and local sources. State funds are not requested at this time.

72.34

2001-2003

#### ESTIMATED REVENUES FOR WATER

1. Resources Trust Fund (Oil Extraction Tax - 20%) Estimated revenues for 2001-2003 blennium

ang padaga ta Milana sa 1998 at talah padagan 2. Water Development Trust Fund (State Tobacco Settlement - 185)

3. Bonding (as needed to cover the difference) could be issued to meet the balance of the critical

16.04

# AND QUALITY OF LIFE.



# Meeting the Challenge PHASE II

THE NORTH DAKOTA WATER COALITION'S FOCUS ON North Dakota's Critical Water Needs: 2001-2003

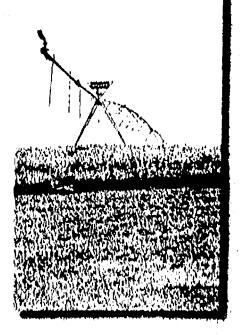
#### Flood Control in Eastern North Dakota

Red River flood control projects will protect the cities of Grand Forks, Walipeton, Grafton, Fargo and other areas from the damage caused in a flood event like the 1997 flood.

#### Water supply for cities and rural water systems

Eastern North Dakota through Garrison Diversion, Southwestern North Dakota through the Southwest Pipeline Project, Northwestern North Dakota through the Northwest Area Water Supply (NAWS), and local rural water systems are especially significant.





Increased high value crop production and processing opportunities help build and diversity our economy, Irrigation is necessary for many of these developments.



Curriculum \$45
Package of 5 student workbooks \$19
Videos:

Stand Up for Yourself! Poor Pressure and Drugs \$80

Tobacco Use Social Images \$40

Schools may use their Safe & Drug Frze Schools & Community dollars to cover casts associated with implementing the program.

# Where to bet

For curriculum and ordering information contact:

ETR Associates 1-800-325-3048 Website: http://www.etr.org For technical assistance and training information contact:

information confect: ND Department of Public Instruction

School Health Unit

Drinda Olsen

(701) 328-2269

Email: dolsen@mail.dpi.state.nd.us



The following training teams may be contacted directly or through DPI. Costs include training fee & expenses.

Jane Rodacker	Pauline Wahl
Grand Forks	Minot
(h) 701/746-9438	(h) 701/838-6 <sub>17</sub> 22
(w) 701/746-2360	(w) 701/857-4477

North Dakota Department of Public Instruction Dr. Wayne 6. Sanstead, State Superintendent 600 E Boulevard Ave. Dept. 201

Bismarck, North Dakota 58505-0440

Support for TNT provided by: SDFSC CFDA No. 84.186A http://www.dpi.state.nd.us

A Tobacco Use Prevention Program for the Middle Grades



Project



# Project Towards No Tobacco Use

A Research-Based Program

# In Target Audience

Ideally, students in 7th grade. Project TNT has been successfully implemented with students grades 5-8.



# **Objectives**

At the completion of this program, studely, have the knowledge and skills to:

- Reduce their initiation or regular use of tobacco products
- State accurate information about the course consequences of using tobacco, and the prevalence of tobacco use among peers of tobacco addiction and disease, the
- Demonstrate skills including active listening, assertive refusal, effective communication, self-esteem building, and tobacco usespecific cognitive coping skills
  - Liustrate ways the media portray "social images" that influence tobacco use
- Understand and practice advocating for no tobacco use
- Make a public commitment about future intentions toward tobacco use

# 1 Topics

- Active listening skills
- Information about the course of tobacco addiction and tobacco use prevalence
- Self-esteem building
- Tobacco use-specific cognitive coping skilks
- Effective communication skills
- General assertiveness, and assertive refusal learning and practice
- Counteracting media-related tobacco use social influences
- Social advocacy and public commitment about tobacco product nonuse

# In Implementation

each. The ten core lessons are designed to way sequence. Lessons are adaptable to the lesson booster was developed to be taught Project TNT consists of ten core lessons and two booster sessions, 40-50 minutes : year after the core lessons in a twooccur over a two-week period. The two-ND Health Standards.



# Components

The Project TNT Program has two components.

- manual, student workbooks, and two Curriculum, including a teacher's videos
- Teacher training

# Training

A one-hour awareness presentation is available for any group interested in learning more about the program. A six-hour teacher training is available for those schools implementing the program

of continuing education graduate credit. available and may be taken for one hour A fifteen-hour teacher training is also



Cost

\$275 **2**9 Pkg. of 10 student guides Year 1 curriculum

\$225 \$50 Pkg. of 10 student guides Year 2 curriculum

\$175 34 Pkg. of 10 student guides Year 3 curriculum

Relaxation tape

Schools may use their Safe and Communities funds to cover the implementing this program. Drug Free Schools and costs associated with



Where to Get More Info

For curriculum and ordering information contact:

Princeton Health Press (609) 921-0540

Email: dolsen@mail.dpi.state.nd.us For technical assistance and training information contact: ND Dept. of Public Instruction School Health Unit (701) 328-2269 Drinda Olsen

Dr. Wayne G. Sanstead, State Superintendent North Dakota Department of Public Instruction

Bismarck, North Dakota 58505-0440

Support for LST provided by: SDFSC CFDA No. 84.186A http://www.dpi.state.nd.us

600 E Boulevard Ave. Dept. 201



The following training teams may be contacted directly or through DPI. Costs include training fee & expenses.

A Research-Based Program

Rick Grinsteiner	Mary Eldredge-Sandbo
Devils Lake	Des Lacs
(h) 701/662-3957	(h) 701/725-4398
(w) 701/662-7664	(w) 701/725-4334

A Proven Approach Prevention for the Middle Grades to Drug Abuse



Ideally the program should begin in Students in grades 6 through 9. sessions in subsequent grades. the 6" or 7" grade with booster





students will have the knowledge and At the completion of this program, skills to:

- Say "no" to tobacco, alcohol, and other drugs
- Develop a positive self-image
- without being influenced by peer Make decisions on their own group pressure
- Resist peer and media pressure to smoke, drink, or use other drugs
- Manage anxiety
- **Build healthy relationships**
- Cope with the challenges of adolescent life



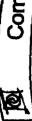
- Resistance Skills, Knowledge, and Attitudes
- Social influences to smoke, drink, or use drugs
- Norms supporting the non-use of smoked tobacco, alcohol, and Prevention-related knowledge other drugs
  - Self-Management Skills
- Problem solving and decision making
- Personal behavior change skills (Goal-setting, self-monitoring, self-reinforcement)
- Stress and anxiety management
- General Social Skills
- Effective communication skills
- Greetings and brief social exchanges
- Meeting new people
- Conversational skills
- Complimenting skills

Assertiveness skills





more times per week. Booster sessions Fifteen class periods scheduled one or adaptable to the ND Health Standards. of ten class periods in Year 2 and five class periods in Year 3. Lessons are



The Life Skills Training Program has two Components

Curriculum, including a teacher's manual and student guides

components. They are:

Teacher training



A one-hour awareness presentation is available for any group interested in learning more about the program. A six-hour teacher training is available for those schools implementing the program.

available and may be taken for one hour of continuing education graduate credit. A fifteen-hour teacher training is also