



P.O. Box 3237
Bismarck, ND 58502
701-751-0229
www.tfnd.org

February 9, 2021

9:00 am CST

House Finance and Taxation Committee for the 67th ND Legislative Assembly

Chairman Headland, and members of the House Finance and Taxation Committee, hello, my name is Heather Austin, and I am the Executive 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.

Today I am here to show support for HB 1403 and HB 1422, or the bills to increase the tax on cigarettes and other forms of tobacco.

This year North Dakota observes the 28th anniversary of the last time we raised the price of tobacco in our state. In 1993, the tax rate was set at 44 cents per pack of cigarettes, making us 8th in the nation for tobacco tax rate. In the 28 years since that time, ND has gone from 8th to 49th for tobacco tax rate in our nation, with the same 44 cents still being collected. Not much else has held steady in that same amount of time. The tobacco industry has increased their wholesale prices numerous times, the federal tax rate has increased substantially, retail prices have increased, perhaps even more importantly, medical costs and insurance premiums have increased, and detriments of lost productivity and wages have increased. I could go on and on, as nearly nothing is the same price it was 28 years ago. We simply have not kept pace, or parity, in North Dakota when it comes to the cost of tobacco. And now is the time to correct that.

We applaud the efforts of the two bills before this Committee this morning and TFND highly recommends raising the price of tobacco by at least \$1.00, all at once, to see maximum health benefits realized and to see youth deterrence to tobacco initiation in our state. Smaller, or incremental, increases are too easy for the tobacco industry to "coupon" away so that consumer, and particularly youth, behavior is not as affected. I have included a data sheet showing what a \$1.50 increase would create in benefits to North Dakota, as an example of what a substantial increase could accomplish.

According to the Dept. of Health Tobacco Surveillance Data Table in 2017 for North Dakota, tobacco use cost our state \$326 million in Smoking Attributable Medical Expenditures, and \$232.6 million in Smoking Attributable Productivity Loss. That is over ½ a BILLION dollars annually in smoking related expenses to the state of North Dakota! Raising the excise tax for tobacco could help offset some of these costs, as well as provide a source of income for other health programs and services provided to our citizens.

The Surgeon General has called raising prices on cigarettes "one of the most effective tobacco control interventions." i. Tobacco tax increases help make cigarettes too expensive for price-sensitive kids to

buy and give smokers another incentive to quit. And I'm happy to point out that North Dakota has one of the best Quitlines in the nation with NDQuits. They are standing ready to help make sure no citizen actually has to continue paying the price of tobacco with their money or their health. The 2014 Surgeon General's report stated, "The evidence is sufficient to conclude that increases in the prices of tobacco products, including those resulting from excise tax increases, prevent initiation of tobacco use, promote cessation, and reduce the prevalence and intensity of tobacco use among youth and adults."ii.

The following organizations have signed TFND's resolution of support for a tobacco price increase: Cavalier County Memorial Hospital, Cavalier County Board of Health, Grand Forks Tobacco Free Coalition, ND Public Health Association, Pembina County Board of Health, Pembina County Commission, Pembina County Memorial Hospital Association, McKenzie County Community Coalition, Rolette County Public Health District, Southwestern District Health Unit, University of Mary Health PRO, Upper Missouri District Health Unit, Walsh County Tobacco Free Coalition, and Williams County Community Coalition.

Again, thank you for this time in front of you, Chairman Headland, and the Committee. It is very appreciated. Please vote Do Pass on HB 1403 and/or HB 1422.

May I take any questions?

Heather Austin
Executive Director, Tobacco Free North Dakota
Cell: 701-527-2811
heather@tfnd.org
www.tfnd.org

- i. U.S. Department of Health and Human Services (HHS), The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General, Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention (CDC), National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014. <http://www.surgeongeneral.gov/library/reports/50-yearsof-progress/index.html>.
- ii. HHS, The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General, 2014, <http://www.surgeongeneral.gov/library/reports/50-years-of-progress/index.html>.