

**2025 HOUSE FINANCE AND TAXATION**

**HB 1570**

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1570  
2/12/2025

Relating to the tax imposed on cigarettes and other tobacco products; to provide a penalty; and to provide an effective date.

9:39 a.m. Vice Chairman Hagert opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner

Members Absent: Representatives Toman, Foss

### **Discussion Topics:**

- Youth smokers
- Percent of wholesale
- Long term healthcare costs
- Electronic nicotine products
- Nicotine trends
- Youthful marketing
- Effects of addiction
- Alternative nicotine products

9:42 a.m. Representative Vicky Steiner introduced the bill and submitted testimony #37342 and #37344.

9:56 a.m. Tony Burke, American Heart Association, Government Relations Director, testified in favor and submitted testimony #37245 and #37246.

9:59 a.m. Heather Austin, Tobacco Free North Dakota, Executive Director, testified in favor and submitted testimony #37260, #37261, #37262, #37263, and #37264.

10:09 a.m. Ryan Wagner, Break Free Youth Board, testified in favor and submitted testimony #32758.

10:17 a.m. Moorea Knapp, Break Free Youth Board, Century High School, testified in favor and submitted testimony #37227.

10:21 a.m. Ben B. Guthmiller, Legacy High School Stop the Cloud, President, testified in favor and submitted testimony #37217.

10:24 a.m. Amy R. Heuer, ND Society of Health and Physical Educators, Co-Executive Director, testified in favor and submitted testimony #37250.

10:30 a.m. Lynn Flieth, RSR Human Service Zone, testified in favor and submitted testimony #36885.

10:37 a.m. Mike Rud, ND Petroleum Marketers Association, testified in opposition and submitted testimony #37376.

10:45 a.m. Jared Scheeler, The Hub Convenience Store, CEO, testified in opposition and submitted testimony #37378.

10:51 a.m. Andrea Pfennig, Greater ND Chamber, testified in opposition.

10:54 a.m. Douglas Kellogg, Americans for Tax Reform, State Projects Director, testified and submitted testimony in opposition #37252.

10:56 a.m. Lacy Anderson, Phillip Morris International, testified in opposition.

**Additional written testimony:**

Matthew McCleary, Mental Health America of North Dakota & ND Federation of Families for Children's Mental Health, Deputy Director, submitted testimony in favor #37255.

Megan Schneider, Bismarck Tobacco Free Coalition, President, submitted testimony in favor #37266.

Sharon Laxdal, Youth Educator, submitted testimony in favor #37311.

Nancy Neary, Central Valley Health District, Director of Tobacco Prevention, submitted testimony in favor #37316.

Vicki Voldal Rosenau, Concerned citizen and parent, submitted testimony in favor #37269.

Darius J. Endres, Sports Vape, Owner/Manager, submitted testimony in opposition #36244.

Kayla L. Tiffany, Vice President of Stop the Cloud, Legacy High School tobacco prevention club, submitted testimony in favor #37271.

Alexis Raymond, Individual, submitted testimony in favor #36440.

Allison P. Welsh, Rivier University, MPH Student, submitted testimony in favor #36473.

Joan Enderle, American Heart Association, Chair, ND Advocacy and Engagement Committee, submitted testimony in favor #37274 and #37275.

Pat McKon, American Lung Association Senior Director, Public Policy and Advocacy, submitted testimony in favor #36775 and #37040.

Martha M. Misuraca, Minot Resident, submitted testimony in favor #36888.

Denise A. Dykeman, Minot Resident, submitted testimony in favor #36889.

Albert A. Mata, vape user, submitted testimony in opposition #37299.

Cheryl Bonebrake, Personal, submitted testimony in favor #37014.

Chelsea A. Ridge, North Dakota Public Health Association, ATOD Section Chair, submitted testimony in favor #37104.

Ben W. Hanson, American Cancer Society Cancer Action Network, Government Relations Director, submitted testimony in favor #37117, #37119, #37118, #37313 and #37120, #37121.

Susan Kahler, Bismarck Burleigh Public Health, SAP Coordinator, submitted testimony in favor #37136.

Kelly Kaiser, O.K. Distributing Co., Owner, submitted testimony in opposition #37300.

Jodi Radke, Campaign for Tobacco-Free Kids, Regional Advocacy Director, submitted testimony in favor #37155.

Kathy Gunlock, Core-Mark, submitted testimony in opposition #37162 and #37185.

Adam Hoffer, Tax Foundation, Director of Excise Tax Policy, submitted neutral testimony #37163.

Greg Gallagher, member of the public, submitted testimony in favor #37187.

Jenn Faul, Fargo Cass Public Health - City of Fargo, submitted testimony in favor #37211.

Tim Blasl, North Dakota Hospital Association, President, submitted testimony in favor #37215.

Joe O'Connor, Holiday, submitted testimony in opposition #37230.

Donna Thronson, NDMA, submitted testimony in favor #37232.

Katie C. Fitzsimmons, Tobacco Free North Dakota, Board Member, submitted testimony in favor #37288.

Alyson Downs, American Heart Association, Advocate & Volunteer, submitted testimony in favor #37292.



Shilo V. Previti, Blue Zones Project, Policy Lead, submitted testimony in favor #37322.

Kim Kuhlmann submitted testimony #37424 in favor.

10:59 a.m. Chairman Headland closed the hearing.

*Janae Pinks, Committee Clerk*

Good morning Chairman and Committee members. My name is Darius Endres. I am the owner of Sports Vape in Fargo. I am here to testify in opposition of HB 1570. Owning a small business is a constant uphill battle during these economic times, and at times it feels like an impossible battle. The rise in costs of inventory, insurance, rent, and liveable wages for your employees is a constant neverending struggle. The increase in cost of our inventory if this Bill were to pass would be detrimental to my business. Competing with the online market has been a losing battle for years. Online has a larger selection compared to a single brick-and-mortar shop. Online you can shop anywhere at any time. This Bill would just further fuel consumers to shop online causing more of my customers to shop elsewhere due to my high retail prices. Another concern I have would be the online shops that have illicit vape products. There is a huge influx of illicit vape products in the market. These products can cause serious health problems as many of them contain harmful chemicals that are not found in brick and mortar shops who are accountable to local public health and law enforcement. Our customers already pay sales tax. My business pays federal tax, state tax, payroll tax, and income tax. At what point do the taxes stop and give the small businesses in our state a fighting chance to succeed? If passed, this Bill could potentially lead to every shop like mine in ND to close its doors. ND is supposed to be the best state in the country for small business owners and entrepreneurs. But a huge tax on my products like the one in this Bill, is just too heavy of a financial burden for us shop owners. Hundreds of employees across the state would be unemployed and more vacant commercial properties will be added to the already many vacant commercial properties that we already have in Fargo. A 56% excise tax on my products is a financial burden that is way too heavy for me to overcome. So, I kindly and strongly urge this Committee to give this Bill a recommended Do Not Pass. Enough with the taxes already. Thank you chairman and committee for your time and consideration.

## Testimony in Support of House Bill 1570

Alexis Raymond

February 12<sup>th</sup>, 2025

Bismarck, ND

9:30 am CST

House Finance and Taxation Committee

Chairman Headland, and members of the House Finance and Taxation Committee, greetings and salutations. My name is Alexis Raymond, and I am a resident in the Bismarck local area with extensive observations of the youth nicotine use and consumption rates in our local area. I work closely with high school students and provide nicotine education to youth ranging from 3<sup>rd</sup> grade up to college students. Thank you so much for your time this morning, I really appreciate it.

Today, I am encouraging a Do Pass on HB 1570, the bill to increase the tobacco tax by \$1.09 bringing North Dakota in alignment with South Dakota's tobacco tax. By implementing this increase, I understand that the revenue would go toward anxiety and depression care for individuals in the state struggling with these mental health issues.

I have had the pleasure of providing nicotine education to several high schools within our local area and learning about what methods youth are using to cope with the stressors that they face at this stage of their life. I have found a common trend of nicotine vapes/e-cigarettes being used amongst this population and middle schoolers to "treat" their mental health issues. Nicotine is an addictive chemical extracted from the tobacco plant and has been manipulated into a flavorful e-juice liquid which has attracted many young people to use these devices.

My focus today is to provide space for the voices of youth that I encounter throughout our local area. Many young people have this belief that vapes/e-cigarettes are the solution for treating anxiety and depression, but some have not examined the addictive nature of nicotine collectively. When a person is undergoing nicotine withdrawal, the symptoms they experience are like anxiety and depression such as irritation, jumpy, restless, having difficulty concentrating, feeling upset, and having trouble sleeping (CDC, 2024).

If I may share my personal experience, I went to provide 3 nicotine education presentations to one of our local high schools and what I encountered was interesting to say the least. My first presentation was to a full auditorium of about 200 students, then for my second presentation, I was escorted into a dark classroom that had night lights in it. I soon learned that students who are experiencing crippling anxiety and depression were present in that room, and I understood that these students could not handle being in an auditorium setting with their peers. No student should have to struggle with these issues alone and even as I presented nicotine education to these students, it felt like my duty to be a voice for them today.

According to the CDC, depression is caused by traumatic or stressful events, medical problems, medications, and using alcohol or drugs (CDC, 2023). As we understand that every young person has their own cultural understanding of substances, but science does prove that adolescent

exposure to nicotine is detrimental to healthy brain development. The increase in the tobacco tax would create an additional barrier to limit the purchasing power of youth (ALA, 2024). This would stand as a step in a progressive direction to transform the health of North Dakota to reclaim our rightful position of the healthiest state in the United States of America. Our children are the reflections of the decisions that we make and as they challenge me every day to be better, I can confidently say vote Do Pass for HB 1570.

Thank you so much for your time, Chairman Headland and Committee.

Alexis Raymond

Concern Resident

Email: [Christiray24@gmail.com](mailto:Christiray24@gmail.com)

References: [7 Common Withdrawal Symptoms | Quit Smoking | Tips From Former Smokers | CDC](#)  
[Mental Health Conditions: Depression and Anxiety | Overviews of Diseases/Conditions | Tips From Former Smokers | CDC](#)  
[Kids and Smoking | American Lung Association](#)

Allison Welsh  
1415 9<sup>th</sup> Ave E  
Langdon, ND 58249  
awelsh@rivier.edu  
February 9<sup>th</sup>, 2025

Representative Zachary Ista  
Finance and Taxation Committee  
North Dakota House of Representatives  
600 E Boulevard Ave  
Bismarck, ND 58505

Subject: Support for House Bill 1570 – Tobacco Tax Increase

Dear Representative Zachary Ista,

As a pharmacist and supporter of population health, I am writing to express my strong support for HB 1570, which increases North Dakota's tobacco tax. With one of the lowest tobacco taxes in the nation at only \$0.44 per pack, our state fall behind other states in adopting strategies that deter tobacco use. Studies have demonstrated that increased tobacco taxes decrease smoking rates, particularly among youth, young adults, and low-income individuals. Increased tobacco taxes can also reduce the prevalence of tobacco-related diseases like cancer and heart disease.

With HB 1570 delivering 50% of the tax revenue to the Tax Distribution Health Fund, much needed resources for mental health services can be supported for the nearly 29% of adults in North Dakota who report symptoms of anxiety or depression. Increased funding for mental health services is both necessary and timely and this bill provides a solution to this relevant health concern of more than a quarter of North Dakota's population. Additionally, aligning North Dakota's tobacco tax with neighboring states would create an aligned economic landscape while discouraging across border cigarette purchases

While arguments exist about the economic impacts that increased taxation may have on small businesses, the long-term health benefits far outweigh the short-term sales declines. The increased revenue can be reinvested in public health initiatives, ultimately reducing healthcare costs and improving overall wellbeing.

For these reasons, I urge you to support HB 1570. This bill is a crucial step toward a healthier and stronger North Dakota.

Sincerely,

A handwritten signature in black ink that reads "Allison Welsh". The script is cursive and fluid, with the first name and last name clearly distinguishable.

Allison Welsh, PharmD, MBA  
Rivier University MPH Student



North Dakota House of Representatives, Human Services  
HB 1570 – Commercial Tobacco Tax Increase and E-cigarette Parity Bill  
Pass Testimony – Feb. 11, 2025  
Testimony of Pat McKone on Behalf of the American Lung Association

Chair, Ruby; Vice Chair Frelich and committee members,

My name is Pat McKone, I am the Senior Director for Public Policy and Advocacy for the American Lung Association.

The American Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease through education, advocacy, and research. The work of the American Lung Association is focused on four strategic imperatives: to defeat lung cancer; to champion clean air for all, to improve the quality of life for all those with lung disease and their families; and to create a tobacco-free future. I am submitting this written testimony asking you to give HB 1570 – Commercial Tobacco Tax Increase and E-cigarette Parity Bill a “Pass” vote.

The Lung Association's 2025 State of Tobacco Control Report has identified increasing the tax on tobacco was our first policy priority for the state. North Dakota ranks near dead last as 49<sup>th</sup> in the country and hasn't raised the tax since 1993 and has received a letter grade of “F” for all twenty-three years of our report

Despite significant progress over the last 50 years, tobacco use remains the leading cause of preventable death and disease in the United States. Research has clearly demonstrated that as the price of cigarettes increases, consumption decreases. For each 10% price increase, it is estimated that consumption drops by about 7% for youth and 3 to 5% for adults. Increasing taxes on tobacco products other than cigarettes is also important. Among youth rates of e-cigarettes/vaping products are the most popular tobacco product used with nicotine pouches not far behind.

Increasing taxes on tobacco and nicotine products is a win-win proposition; significantly increasing these taxes results in fewer kids starting to use these products, more adults quitting while at the same time providing substantial revenue to fund important health programs.

The American Lung Association strongly encourages the committee to pass HB 1570.

A handwritten signature in black ink that reads "Pat McKone".

Pat McKone, Senior Director  
Public Policy and Advocacy

Testimony Prepared for the  
**House Finance and Taxation Committee**

February 12, 2025

By: Lynn Flieth, RSR Human Service Zone Director

RE: HB 1570—Relating creation of a tobacco tax distribution behavioral health fund, etc.

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Chair Headland and members of the House Finance and Taxation Committee, my name is Lynn Flieth. I'm the Director for the RSR Human Service Zone, which includes the counties of Ransom, Sargent and Richland. In addition, I'm a member of the North Dakota Human Service Zone Director Association. Thank you for the opportunity to provide testimony in support of HB 1570.

Human Service Zones provide critical services for North Dakota communities. We administer economic assistance programs. We also deliver child welfare services, including child protection, foster care, in-home case management, as well as receive referrals for Children In Need of Services (or CHINS). Human Service Zones and regional Human Service Centers commonly provide services to citizens who have greatest needs and the least resources. Many of the clients we serve are living at or near poverty levels and frequently are struggling with behavioral health and substance use disorders.

Human Service Centers (HSC) provide behavioral health services throughout the state of North Dakota. Citizens with limited financial resources and/or no health insurance coverage rely upon HSC to receive necessary behavioral health and substance use services. There is a strong correlation between those experiencing behavioral health crises, substance use/abuse and addiction to tobacco/vaping and other related products. The National Institute of Health states: when examining *"the use of tobacco products (including e-cigarettes) among young adults, we find that the use of e-cigarettes in those with a mental health diagnosis is associated with greater odds of higher stress, depression, and substance use..."* Directing a portion of tobacco taxes collected to establish a fund supporting Human Service Centers in meeting behavioral health needs seems like a logical and natural decision.

On behalf of the Human Service Zone Directors, we urge a "do pass" on HB 1570 Thank you for your consideration. I stand for questions from the committee.

WRITTEN TESTIMONY IN SUPPORT OF  
HB1570

Date of Hearing Feb 12, 2050

My name is Martha Misuraca, I am a resident of Minot ND, zip code 58703/ I am writing in support of SB 1570 relating to raising taxes for tobacco products for ND.

According to the Campaign for Tobacco-Free kids.org, North Dakota is the lowest state in the US for tobacco taxes, only 44 cents per pack. We all know the dangers of cigarettes and vapes. Hopefully raising the tax would deter more children and adults from using tobacco products which would, in turn, make North Dakota a healthier state.

Please support HB 1570. Thank you.

Respectfully,

Martha Misuraca

A solid black rectangular box used to redact the signature of Martha Misuraca.



WRITTEN TESTIMONY IN SUPPORT OF

HB 1570

Date of Hearing: February 12, 2025

Denise Ann Dykeman [REDACTED]

Committee chair and members of the committee, my name is Denise Ann Dykeman. I am a resident of Minot, North Dakota, and a practicing attorney.

I submit this testimony in support of House Bill 2570. I support this bill because it would increase the tax on nicotine products to fund additional behavioral health services. As someone with a close family member who suffers from mental illness, I can attest that these services make a huge difference, not just to the suffering person, but to that person's entire community.

According to the Campaign for Tobacco-Free Kids, the average state cigarette tax is \$1.97 per pack. In ND it is only .44!

With additional resources, we can do much better at taking care of North Dakota's most vulnerable citizens suffering from behavioral health issues and helping folks to be healthier and live productive lives.

Please support HB 1570. Thank you.

Respectfully,  
Denise A. Dykeman

[REDACTED]

**Written Testimony in Support of:**

**HB 1570**

Date of Hearing: February 12

Cheryl Bonebrake [REDACTED]

Committee Chair and members of the committee, my name is Cheryl Bonebrake. I am a resident of Minot, ND.

I am in support of this bill HB 1570 because it will help to decrease the risk of lung cancer, heart disease, COPD, especially for the youth in our state. In addition, the American Lung Association, Cancer Association and Heart Association is in support of this bill.

Please support HB 1570. Thank you.

Respectfully,

Cheryl Bonebrake

[REDACTED]

[REDACTED]



North Dakota House of Representatives, Finance and Taxation  
HB 1570 – Commercial Tobacco Tax Increase and E-cigarette Parity Bill  
Pass Testimony – Feb. 12, 2025  
Testimony of Pat McKone on Behalf of the American Lung Association

Chair, Headland; Vice Chair Hagert and committee members,

My name is Pat McKone, I am the Senior Director for Public Policy and Advocacy for the American Lung Association.

The American Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease through education, advocacy, and research. The work of the American Lung Association is focused on four strategic imperatives: to defeat lung cancer; to champion clean air for all, to improve the quality of life for all those with lung disease and their families; and to create a tobacco-free future. I am submitting this written testimony asking you to give HB 1570 – Commercial Tobacco Tax Increase and E-cigarette Parity Bill a “Pass” vote.

The Lung Association's 2025 State of Tobacco Control Report has identified increasing the tax on tobacco was our first policy priority for the state. North Dakota ranks near dead last as 49<sup>th</sup> in the country and hasn't raised the tax since 1993 and has received a letter grade of “F” for all twenty-three years of our report

Despite significant progress over the last 50 years, tobacco use remains the leading cause of preventable death and disease in the United States. Research has clearly demonstrated that as the price of cigarettes increases, consumption decreases. For each 10% price increase, it is estimated that consumption drops by about 7% for youth and 3 to 5% for adults. Increasing taxes on tobacco products other than cigarettes is also important. Among youth rates of e-cigarettes/vaping products are the most popular tobacco product used with nicotine pouches not far behind.

Increasing taxes on tobacco and nicotine products is a win-win proposition; significantly increasing these taxes results in fewer kids starting to use these products, more adults quitting while at the same time providing substantial revenue to fund important health programs.

The American Lung Association strongly encourages the committee to pass HB 1570.

A handwritten signature in black ink that reads "Pat McKone".

Pat McKone, Senior Director  
Public Policy and Advocacy



## IN FAVOR HB 1570: Protecting North Dakota's Youth and Future

Chelsea Ridge  
North Dakota Public Health Association  
Alcohol, Tobacco and Other Drugs Section, Chair  
Williston, ND

Chairman Headland and Representatives of the House Finance and Taxation Committee,

My name is Chelsea Ridge, and I am the chairwoman of the North Dakota Public Health Association (NDPHA) Alcohol, Tobacco, and Other Drugs Section. Our vision is a North Dakota where every person can live their healthiest life. I am here to provide testimony In Favor of House Bill 1570, to increase the price on tobacco products in North Dakota.

North Dakota has not updated its tobacco tax structure since 1993, leaving us among the states with the lowest tobacco taxes in the nation. By passing HB 1570, we can take a critical step toward reducing chronic disease, increasing economic benefits, and providing much-needed prevention resources for our youth.

Despite the federal age restriction of 21 for purchasing tobacco products, youth vaping remains a serious issue in our state. Recent statewide SYNAR tobacco inspections (July–September 2024) revealed that **16.8% of retailers failed compliance** and sold tobacco products to underage individuals. If North Dakota's failure rate reaches 20% or higher, the Substance Abuse and Mental Health Services Administration (SAMHSA) could withhold up to 40% of our Substance Abuse Prevention and Treatment (SAPT) Block Grant funding.

For the past 20 years, the number of North Dakota students experiencing feelings of sadness and hopelessness has steadily increased. Evidence shows a strong link between youth anxiety, depression, and the use of electronic vaping devices. Many young people turn to vaping for temporary relief, only to become trapped in a cycle of addiction that worsens their mental health over time.

Tobacco is a **gateway drug**—it primes the developing brain for addiction, increasing the risk of dependency on other substances. We have a responsibility to protect our youth from these dangers.

By voting **YES on HB 1570**, we take a stand for youth health, public safety, and long-term economic stability. Let's update North Dakota's outdated tobacco policies and invest in prevention efforts that truly make a difference.

**Stand with our youth. Vote in favor of HB 1570.**

Thank you for your time and consideration

Sincerely,

Chelsea Ridge



## Impact of Tobacco in North Dakota: The Need to Increase Tobacco Taxes to Reduce Healthcare Costs, Protect Kids, and Save Lives

### Health & Economic Costs of Tobacco to North Dakota

Tobacco is an addictive and deadly product. Smoking harms nearly every organ in the body<sup>i</sup> and remains the number one cause of preventable death. In North Dakota:

- 13.3% of adults smoke cigarettes.<sup>ii</sup>
- 19.6% of high school students use tobacco products.<sup>iii</sup>
- 28.3% of cancer deaths are caused by smoking.<sup>iv</sup>
- Smoking is estimated to cost North Dakota \$379 million in direct health care costs, including \$61.1 million in Medicaid costs annually.<sup>v</sup>
- Smoking costs the state \$715 million in productivity costs annually.<sup>vi</sup>
- On average, North Dakota residents pay \$910 per household in state and federal taxes from smoking-caused government expenditures, whether they smoke or not.<sup>vii</sup>

### Everyone Benefits from Tobacco Tax Increases

ACS CAN calls on North Dakota lawmakers to increase the cigarette tax by \$1.09 per pack and tax all other tobacco products as a percent of their wholesale price parallel to the new cigarette tax to reduce health care costs, protect kids, and save lives. It is important that when considering an excise tax increase on any tobacco product the tax should be increased on all tobacco products to an equivalent rate to encourage people to quit rather than switch to a cheaper product and prevent youth from starting to use any tobacco product.

Regular and significant tobacco tax increases have a meaningful, measurable track record of success for states.

- **Save Lives:** Significant tobacco tax increases are one of the most effective ways to prevent kids from starting to use tobacco and help adults quit.<sup>viii,ix</sup> Increasing North Dakota's cigarette tax by \$1.09 per pack would prevent 500 kids from becoming adults who smoke, help 1,700 adults who smoke quit, and save 400 lives.<sup>x</sup>
- **Save Money:** Substantial increases in cigarette tax rates not only save lives, but it also generates significant increases in new revenue.<sup>xi</sup> In fact, every state that has significantly increased its cigarette tax has also boosted its state revenue.<sup>xii</sup> Additionally, significant tobacco tax increases reduce healthcare costs. Increasing North Dakota's cigarette tax by \$1.09 per pack would generate \$24.15 million in new annual revenue for the state as well as provide \$28.55 million in long-term health care cost savings from adult and youth smoking declines.<sup>xiii</sup>
- **Voters Approve:** National and state polls consistently have found overwhelming public support for tobacco tax increases. In fact, many polls have shown voters are more likely to support a candidate who supports increasing the price of tobacco.

**Together we can create a cleaner, safer, healthier North Dakota by significantly increasing tobacco taxes on all forms of commercial tobacco products.**

American Cancer Society Cancer Action Network | 655 15th Street, NW, Suite 503 | Washington, DC 20005

@ACSCAN | @ACSCAN | [fightcancer.org](https://fightcancer.org)

<sup>i</sup> Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020. [https://www.cdc.gov/tobacco/data\\_statistics/fact\\_sheets/health\\_effects/effects\\_cig\\_smoking/](https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/effects_cig_smoking/)

<sup>ii</sup> Centers for Disease Control and Prevention (CDC). 2023 Behavioral Risk Factor Surveillance System <https://www.cdc.gov/brfss/brfssprevalence/index.html>

<sup>iii</sup> Centers for Disease Control and Prevention (CDC). 2023 Youth Risk Behavior Survey. <https://www.cdc.gov/healthyyouth/data/yrbs/results.htm>

<sup>iv</sup> Smoking-Related Cancer Deaths in 2020 Analysis by ACS, 2023.

<sup>v</sup> Campaign for Tobacco-Free Kids. The Toll of Tobacco in North Dakota. Updated 08.16.24. [https://www.tobaccofreekids.org/problem/toll-us/north\\_dakota](https://www.tobaccofreekids.org/problem/toll-us/north_dakota)

<sup>vi</sup> Campaign for Tobacco-Free Kids. The Toll of Tobacco in North Dakota. Updated 08.16.24. [https://www.tobaccofreekids.org/problem/toll-us/north\\_dakota](https://www.tobaccofreekids.org/problem/toll-us/north_dakota)

<sup>vii</sup> Campaign for Tobacco-Free Kids. The Toll of Tobacco in North Dakota. Updated 08.16.24. [https://www.tobaccofreekids.org/problem/toll-us/north\\_dakota](https://www.tobaccofreekids.org/problem/toll-us/north_dakota)

<sup>viii</sup> U.S. National Cancer Institute and World Health Organization. The Economics of Tobacco and Tobacco Control. National Cancer Institute Tobacco Control Monograph 21. NIH Publication No. 16-CA-8029A. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, National Cancer Institute; and Geneva, CH: World Health Organization; 2016.

<sup>ix</sup> HHS, 2014.

<sup>x</sup> American Cancer Society Cancer Action Network, Campaign for Tobacco-Free Kids, and Tobaccoomics. New Revenues, Public Health Benefits & Cost Savings from a \$1.09 Cigarette Tax Increase in North Dakota. January 10, 2025.

<sup>xi</sup> Campaign for Tobacco-Free Kids. Raising State Cigarette Taxes Always Increases State Revenues (And Always Reduces Smoking). Updated December 27, 2023. Available at: <http://www.tobaccofreekids.org/research/factsheets/pdf/0098.pdf>.

<sup>xii</sup> Campaign for Tobacco-Free Kids. Raising State Cigarette Taxes Always Increases State Revenues (And Always Reduces Smoking). Updated December 27, 2023. <https://assets.tobaccofreekids.org/factsheets/0098.pdf>

<sup>xiii</sup> American Cancer Society Cancer Action Network, Campaign for Tobacco-Free Kids, and Tobaccoomics. New Revenues, Public Health Benefits & Cost Savings from a \$1.09 Cigarette Tax Increase in North Dakota. January 10, 2025.

## The Importance of Increasing Tobacco Taxes at Parity for All Tobacco Products

Increasing tobacco excise taxes is one of the best ways to reduce overall tobacco<sup>i</sup> use. It is important that when considering an excise tax increase on any tobacco product, including e-cigarettes, that the tax should be increased on all tobacco products at an equivalent rate to encourage people to quit rather than switch to a cheaper product, and prevent youth from starting to use any tobacco product. In many states, other tobacco products are taxed at a lower rate than cigarettes, making them an appealing alternative for price-sensitive consumers including youth. Other tobacco products (OTPs) include, but are not limited to, moist snuff, nasal snuff, loose-leaf and plug chewing tobacco, snus, dissolvable tobacco products, cigars, pipe tobacco, roll-your-own tobacco, hookah, e-cigarettes, and nicotine pouches.

### The Health Effects of Tobacco

**Cigarettes:** Cigarette smoking causes approximately one out of every five deaths in the U.S., more than 480,000 premature deaths each year<sup>ii,iii</sup> and exposure to secondhand smoke causes nearly 42,000 deaths among people who do not smoke, including up to 7,300 lung cancer deaths.<sup>iv,v</sup>



**Cigars:** People who smoke cigars are four to 10 times more likely to die from lung, laryngeal, oral or esophageal cancers than people who do not smoke.<sup>vi,vii</sup>



**Smokeless Tobacco:** Smokeless tobacco can cause oral, esophageal, and pancreatic cancers as well as precancerous lesions of the mouth, gum recession, bone loss around the teeth, tooth staining, and nicotine addiction<sup>viii</sup> and contains at least 25 cancer causing chemicals.<sup>ix</sup>



**Hookah:** People who smoke hookah may be at risk for some of the same diseases as people who smoke cigarettes including cancer of the oral cavity, lung, stomach, and esophagus.<sup>x</sup> Secondhand hookah smoke poses equal or greater danger than secondhand cigarette smoke.<sup>xi</sup>

**E-cigarettes:** Studies have found e-cigarette use to be associated with various adverse health outcomes, including increased shortness of breath, lung inflammation, respiratory infections, throat and mouth irritation, asthma, increased heart rate and blood pressure and more.<sup>xii,xiii,xiv,xv</sup>



**Nicotine Pouches:** Nicotine pouches contain nicotine which is addictive. They have been found to also contain other chemicals, including tobacco-specific nitrosamines and toxic chromium, that have been shown to cause harm.<sup>xvi,xvii</sup>

American Cancer Society Cancer Action Network | 655 15th Street, NW, Suite 503 | Washington, DC 20005

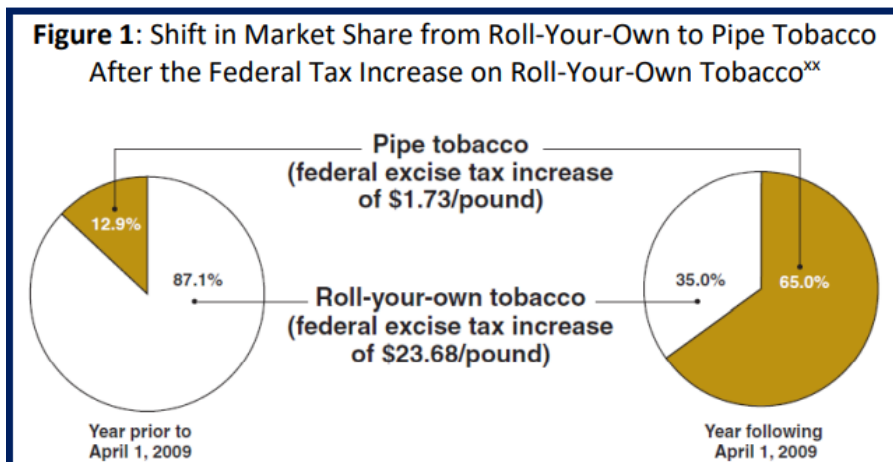
 @ACSCAN |  @ACSCAN | [fightcancer.org](https://fightcancer.org)

## Tax Increases Should Apply to All Tobacco Products

When different types of tobacco products are taxed at different rates and at different times, lower-taxed products are cheaper than if all tobacco products were taxed at an equivalent rate. **Increasing the tax on all tobacco products to an equivalent rate can generate more new revenue, prevent initiation of these products, and ensure that more people who use tobacco quit instead of switching to a cheaper**

**product.** What happens when the taxes go up for some, but not all, tobacco products?

- After the 2009 federal tax increase, roll-your-own tobacco was taxed at a much higher rate than pipe tobacco, even though the two products can be used interchangeably. Manufacturers started marketing roll-your-own tobacco as pipe tobacco, and consumers bought the lower-taxed pipe tobacco instead of the higher-taxed roll-your-own tobacco (Figure 1).<sup>xviii</sup>
- This tax loophole is a lose-lose for the government, because people who switch tobacco products pay lower taxes but continue to have costly health problems.



Federal revenue from the 2009 tax over the first 2.5 years was as much as \$1.1 billion lower than it could have been if there had been equivalent tax increases on all tobacco products. Recent research shows cigarette taxes must increase by a minimum of \$1.00 per pack to have a meaningful public health impact. To maximize revenue and public health, states should establish tax parity between cigarettes and OTP by increasing taxes on all OTP as a percentage of price parallel to the cigarette tax to ensure that states do not lose revenues from people switching from cigarettes to lower-taxed tobacco products, a type of switching which has been common in recent years. For instance, when little cigars are cheaper than cigarettes, little cigars can become more appealing to young people who smoke.

## ACS CAN's Position

As states increase taxes on any tobacco product, including e-cigarettes, increasing taxes on cigarettes and all other tobacco products at the same time to achieve tax parity takes on greater importance. ACS CAN urges states to increase the tax on cigarettes by at least \$1 per pack while at the same time increasing the tax on all other tobacco products at a parallel rate. Research shows this is one of the best ways to protect kids from a lifelong addiction and support people who are trying to quit rather than incentivizing lower-priced alternatives.



<sup>i</sup> ACS CAN recognizes the important role of ceremonial tobacco for many indigenous communities. This term is intended to address commercial tobacco, not the provision, possession, or use of tobacco products as part of an indigenous practice or other recognized religious or spiritual ceremony or practice. All references to tobacco and tobacco products in this fact sheet refer to commercial tobacco.

<sup>ii</sup> 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: 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.

<sup>iii</sup> CDC. QuickStats: Number of Deaths from 10 Leading Causes — National Vital Statistics System, United States, 2010. *MMWR* 2013; 62(8): 155.

<sup>iv</sup> Max W., Sung H-Y, and Shi Y. (2012). Deaths from Secondhand Smoke Exposure in the United States: Economic Implications. *American Journal of Public Health*. 2012; 102: 2173-2180.

<sup>v</sup> HHS, 2014.

<sup>vi</sup> American Cancer Society, 2014.

<sup>vii</sup> American Cancer Society, Is Any Type of Tobacco Product Safe? Last Revised: November 12, 2020, accessed February 8, 2024 at <https://www.cancer.org/cancer/risk-prevention/tobacco/is-any-type-of-smoking-safe.html>.

<sup>viii</sup> American Cancer Society. *Cancer Facts & Figures 2018*. Atlanta, GA: American Cancer Society, 2018.

<sup>ix</sup> American Cancer Society, Health Risks of Smokeless Tobacco, Last Revised: October 28, 2020, accessed February 8, 2024 at <https://www.cancer.org/cancer/risk-prevention/tobacco/health-risks-of-tobacco/smokeless-tobacco.html>.

<sup>x</sup> Centers for Disease Control and Prevention. Smoking & Tobacco Use: Hookahs. Updated December 1, 2016. [https://www.cdc.gov/tobacco/data\\_statistics/fact\\_sheets/tobacco\\_industry/hookahs/index.htm](https://www.cdc.gov/tobacco/data_statistics/fact_sheets/tobacco_industry/hookahs/index.htm)

<sup>xi</sup> Barnett TE, Curbow BA, Soule EK, et al. "Carbon Monoxide Levels Among Patrons of Hookah Cafes." *American Journal of Preventative Medicine* 2011; 40(3): 324-328.

<sup>xii</sup> Hajat C, Stein E, Shantikumar S, Niaura R, Ferrara P, Polosa R. A scoping review of studies on the health impact of electronic nicotine delivery systems. *Intern Emerg Med*. 2022;17(1):241-268. doi:10.1007/s11739-021-02835-4.

<sup>xiii</sup> Kennedy CD, Van Schalkwyk MCI, McKee M, Pisinger C. The cardiovascular effects of electronic cigarettes: A systematic review of experimental studies. *Prev Med*. 2019;127:105770. doi:10.1016/j.ypmed.2019.105770

<sup>xiv</sup> Chand BR, Hosseinzadeh H. Association between e-cigarette use and asthma: a systematic review and meta-analysis. *J Asthma*. 2022;59(9):1722-1731. doi:10.1080/02770903.2021.1971703

<sup>xv</sup> Li X, Zhang Y, Zhang R, Chen F, Shao L, Zhang L. Association Between E-Cigarettes and Asthma in Adolescents: A Systematic Review and Meta-Analysis. *Am J Prev Med*. 2022;62(6):953-960. doi:10.1016/j.amepre.2022.01.015

<sup>xvi</sup> Mallock N, Schulz T, Malke S, et al. Levels of nicotine and tobacco-specific nitrosamines in oral nicotine pouches. *Tobacco Control*. Published Online First: 05 August 2022. doi: 10.1136/tc-2022-057280.

<sup>xvii</sup> Dongxia Ye, Irfan Rahman, "Emerging Oral Nicotine Products and Periodontal Diseases", *International Journal of Dentistry*, vol. 2023, Article ID 9437475, 7 pages, 2023. <https://doi.org/10.1155/2023/9437475>

<sup>xviii</sup> U.S. Government Accountability Office. Large Disparities in Rates for Smoking Products Trigger Significant Market Shifts to Avoid Higher Taxes, GAO-12-475, April 18, 2012, <http://www.gao.gov/products/GAO-12-475>

## Effective Taxation of Cigarettes and Other Tobacco Products

The American Cancer Society Cancer Action Network (ACS CAN) supports a comprehensive approach to tobacco control that includes regular, significant excise tax increases of \$1.00 or more per pack of cigarettes to effectively reduce the number of people who begin smoking and increase the number of people who quit. Taxing all other tobacco products, including e-cigarettes, at rates equivalent to the tax on cigarettes also helps prevent tobacco initiation among youth and promotes tobacco cessation among adults. Tax increases work best when tax revenues provide sustained funding for tobacco control programs that include hard-hitting earned and paid media campaigns, and evidence-based cessation services.

### Excise Taxes

Excise taxes are either “specific” or “ad valorem”

- A **specific excise tax** is a fixed monetary amount per quantity, volume, or weight of tobacco (or a combination of these).
- An **ad valorem excise tax** is a percentage of some measure of the value of tobacco products; retail, manufacturer or wholesale prices are often used as the base value.

### Taxing Cigarettes: By the Pack

All states currently have an excise tax on cigarettes at a rate per cigarette or per pack. In tax administration terms, this tax basis is known as a specific tax. In fact, since 2000, 48 states and the District of Columbia have increased their cigarette tax rates at least 149 times, always as a specific tax.<sup>i</sup>

According to the U.S. National Cancer Institute and World Health Organization, a specific tax on cigarettes better achieves public health objectives than an ad valorem excise tax because it increases retail prices of all products subject to the tax and does not perpetuate or increase price gaps between brands. Narrowing price gaps reduces consumers’ incentives to change from higher-priced to lower-priced brands or to other tobacco products.<sup>ii</sup>

Furthermore, specific taxes on cigarettes are easy to administer because cigarettes are uniform in their structure and packaging. Also important, specific taxes provide a more predictable revenue stream.

States that are interested in having cigarette taxes keep pace with inflation in real dollar terms can institute an inflation-based annual adjustment if they so choose, but these minor tax adjustments should not be in lieu of regular and significant cigarette tax increases of \$1.00 or more per pack. Tax revenue from ad valorem-based inflation increases would be (at best) pennies on the dollar which do not deter youth tobacco use, and they don’t encourage those who currently smoke to quit.

States should retain their current per-pack structural approach to taxing cigarettes. Switching the cigarette tax to a percent-of-price tax would produce the unintended consequence of creating larger price gaps between brands, resulting in a category of very low-cost cigarettes that appeal to youth, and furthermore encourage people who smoke cigarettes to simply switch to cheaper products rather than quit.

Additionally, changing the taxation on cigarettes to a price-based tax could add administrative complexity to efficient and effective enforcement of the Master Settlement Agreement as payments are based in part on tracking the quantity of cigarette sales and shipments which is easily tracked with a per-pack tax.

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## Taxing Other Tobacco Products: By Price

To maximize health and revenue gains, simplify tax collections, and make many dangerous and addictive products that are attractive to kids cost prohibitive, ad valorem excise taxes should be assessed on all other tobacco products including e-cigarettes. Taxing other tobacco products at a percent of the retail, manufacturer or wholesale price, with an accompanying minimum tax equal to the state's per-pack cigarette tax rate is the optimal way to tax these products. Instituting a minimum tax rate will reduce price gaps between tobacco products.<sup>iii</sup>

Other tobacco products, including chewing tobacco, cigars, hookah and e-cigarettes, vary widely in their structure and packaging unlike cigarette packs. This lack of uniformity makes an effective per-pack tax difficult to assess and collect on these types of products.

Tobacco companies favor weight-based or volume-based taxes on tobacco products to keep the price of their products cheaper for consumers. A weight-based or volume-based tax will not keep up with inflation or product price increases. As a result, a weight-based or volume-based tax will erode over time, bringing states lower revenue than percentage-of-price taxes.<sup>iv</sup> Taxing tobacco products by weight or volume is administratively complex, requiring independent verification of the quantity of taxable contents. Also, weight-based or volume-based taxes incentivize tax avoidance by tobacco manufacturers which could simply reduce the weight or change the composition of the product to keep the overall price low.

## The Bottom Line

Establishing a specific tax on cigarettes and a percent-of-price tax on other tobacco products will optimize the health, revenue collection, and enforcement aspects of the policy. ACS CAN supports regular and significant excise tax increases on all tobacco products. Ensuring that tobacco tax increases are equally applied across all product categories will maximize the health and revenue benefits of the tax increase. ACS CAN opposes tobacco industry attempts to complicate tax collection efforts by taxing cigarettes at a percent-of-price or by taxing other tobacco products by weight or volume. To further amplify health the benefits of the tax, ACS CAN also recommends that new tobacco tax revenues be directed to evidence-based tobacco prevention and cessation programs in accordance with Centers for Disease Control and Prevention best practices.<sup>v</sup>

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<sup>i</sup> Campaign for Tobacco-Free Kids. Cigarette Tax Increases by State per Year 2000-2023. Factsheet available at: <https://www.tobaccofreekids.org/assets/factsheets/0275.pdf>. Updated August 8, 2023.

<sup>ii</sup> U.S. National Cancer Institute and World Health Organization. The Economics of Tobacco and Tobacco Control. National Cancer Institute Tobacco Control Monograph 21. NIH Publication No. 16-CA-8029A. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, National Cancer Institute; and Geneva, CH: World Health Organization; 2016. Section 3: Price Determinants of Demand: Chapter 5: Design and Administration of Taxes on Tobacco Products. [https://cancercontrol.cancer.gov/brp/tcrb/monographs/21/docs/m21\\_5.pdf](https://cancercontrol.cancer.gov/brp/tcrb/monographs/21/docs/m21_5.pdf). Accessed March 15, 2019.

<sup>iii</sup> Tobacco Control Legal Consortium. State Taxation of Non-Cigarette Tobacco Products. Last updated February 2012. Factsheet available at: <https://www.publichealthlawcenter.org/sites/default/files/resources/tclc-guide-state-tax-OTP-2012.pdf>. Accessed March 15, 2019.

<sup>iv</sup> Campaign for Tobacco-Free Kids. The Best Way to Tax Smokeless Tobacco: A Simple Weight-Based Tax Hurts State Revenues and Increases Youth Use. Washington, DC: Campaign for Tobacco-Free Kids; 2008.

<sup>v</sup> Centers for Disease Control and Prevention. Best Practices for Comprehensive Tobacco Control Programs—2014. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014.

# Zyn and Nicotine Pouches: What Local Tobacco Officials Need to Know

NACCHO

Truth Initiative

For audio, please call (1) 301 715 8592 (Washington, D.C.)

Webinar ID: 818 8117 1373

# Housekeeping

- All participants are in listen-only mode
- Please enter any questions in the Q&A
- This webinar is being recorded, and the recording and slides will be sent out post webinar
- If you are having technical or audio issues, please use the chat box to reach out to myself or Stephanie Weiss

# Agenda

Welcome

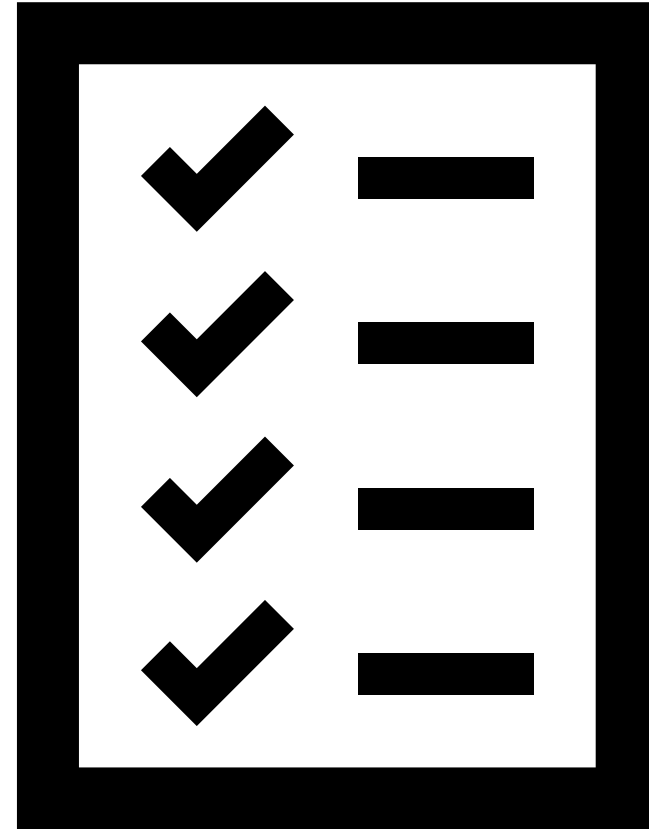
Dan Hamilton, NACCHO

Megan Diaz & Andrew Seidenberg – Truth Initiative

Q&A

# Tobacco Community of Practice

- The Tobacco Community of Practice provides a space for those interested working in tobacco control and prevention to connect and share ideas, resources, and best practices
- [Virtual Communities Page](#)
- [Sign up for our newsletter](#)



# Learning Objectives

1. Receive a high-level introduction of Zyn and nicotine pouches and their health effects
2. Take a retrospective look at how Zyn and nicotine pouches grew on the market
3. Understand how Zyn and other nicotine pouch products are regulated



# Speakers



Megan Diaz, PhD



Andrew Seidenberg, PhD,  
MPH

# A Deep Dive into Nicotine Pouches: What They Are & Why We Should Care?

December 9, 2024

Andrew B. Seidenberg, PhD, MPH

Megan C. Diaz, PhD



# Disclosure

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- The data presented are for information purposes only. Don't hesitate to contact us with questions.
- The conclusions drawn from the NielsenIQ data are those of the researcher(s) and do not reflect the views of NielsenIQ. NielsenIQ is not responsible for, had no role in, and was not involved in analyzing and preparing the results reported.
- We have no conflicts of interest to declare.

# What is a Nicotine Pouch?

Pouch filled with nicotine powder

No tobacco leaf

Ingredients typically include:

- Nicotine
- Sweeteners/flavors
- pH stabilizers
- Fillers (cellulose/plant material)

To use, the pouch is placed between the top lip and gum

Usually, no spitting



# Types of Oral Tobacco Products

---



Moist snuff/dip



Snus



Chewing tobacco



Nicotine pouches

# Pouched Products

---



**Moist Snuff/Dip**



**Snus**



**Nicotine Pouch**

# Flavors

# Nicotine Pouch Flavors

## Mint Flavors



## Fruit Flavors





# Nicotine Pouch Flavors

## Coffee Flavors



## Cinnamon Flavors



# Nicotine Pouch Flavors

## Ambiguous/Concept Flavors



## Tobacco Flavors



# Nicotine in Nicotine Pouches

# Nicotine - Sources

---



Tobacco plant



Other nightshade  
plants



Synthetic nicotine

# What Type of Nicotine is in Nicotine Pouches?



Some brands are made with **tobacco-derived nicotine**

Some brands are made with **synthetic nicotine**

Despite not being made with tobacco, **nicotine pouches are regulated as tobacco products** in the US (regardless of nicotine source).

# Wide Range of Nicotine Levels

---

Stanfill *et al.* tested 37 nicotine pouch products sold in Atlanta (2019) and found:

- Total nicotine content ranged from 1.29 to 6.1 mg/pouch
- “...**nicotine and pH levels** found in some of these nicotine pouches are **similar to conventional tobacco products, such as moist snuff and snus...**”

Review by Travis *et al.* reported that higher level nicotine pouch strengths ( $\geq 6$  mg) “may **deliver comparable or higher nicotine than conventional SLT products and cigarettes.**” (some industry studies included)



2 mg/pouch



15 mg/pouch



21 mg/pouch

<https://pubmed.ncbi.nlm.nih.gov/34233354/>  
<https://pubmed.ncbi.nlm.nih.gov/38880491/>



# Nicotine Analogs

---

US

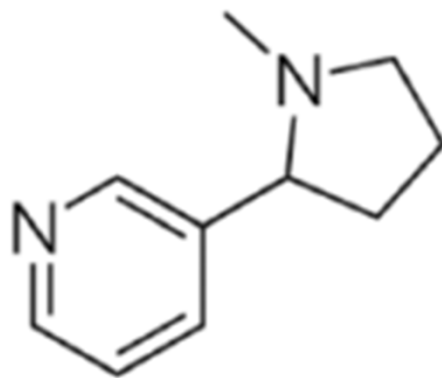
## **FDA warns that nicotine-like chemicals in vapes may be more potent than nicotine**

Synthetic substances are not regulated by US tobacco and vaping laws that control traditional nicotine

· Reuters

# Nicotine Analogs

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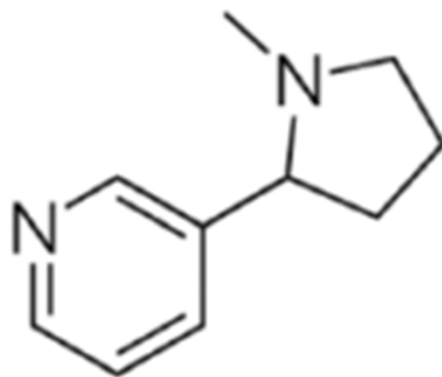


Nicotine

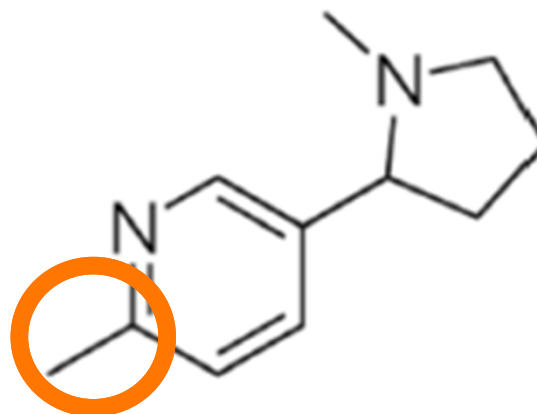


# Nicotine Analogs

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Nicotine



6-methylnicotine

*\*One example of a nicotine analog*

# Pouches with Nicotine Analogs



**PMTA EXEMPT** **TOBACCO TAX EXEMPT**

## STR8UP™

Oral Novatine™ Pouches

**NO TOBACCO LICENSE REQUIRED**

- NOVATINE™ IS A COMPOUND SIMILAR TO TOBACCO & SYNTHETIC NICOTINE
- 8 AMAZING FLAVORS IN 4MG, 8MG, & 12MG STRENGTHS
- 100% BIODEGRADABLE POUCHES

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SCAN FOR WEBSITE

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PRODUCT OF JUST GOOD VIBES LLC

# CA Updated Its Flavored Tobacco Law

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“Nicotine” means any form of the chemical nicotine, including any salt or complex, regardless of whether the chemical is naturally or synthetically derived, ***and includes nicotinic alkaloids and nicotine analogs.***

# Health Effects

# Any Harmful Chemicals in Nicotine Pouches?

---

Mallock-Ohnesorg *et al.* tested 48 nicotine pouch products and found:

- 8 hazardous substances detected (European CLP regulation)
- 13 substances detected that are not authorized food flavorings by European regulators
- 3 possible carcinogens detected (methyl eugenol, benzophenone, and  $\beta$ -myrcene)

Mallock *et al.* tested 44 nicotine pouch products and found:

- TSNA (carcinogenic) detected in 26 products at very low levels

Generally, nicotine pouches contain fewer chemicals and lower levels of chemicals compared to cigarette smoke and smokeless tobacco

# Nicotine Pouch Potential Health Risks

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Nicotine pouches deliver nicotine and use can lead to nicotine addiction

- Nicotine is harmful to developing brains
- Nicotine exposure can negatively affect the cardiovascular system
  - Especially in those with cardiovascular disease

Prolonged pouch use could lead to gum recession and oral lesions

**Long-term health risks not known**

# Case Report: Nicotine Toxicity

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- 21-year-old student used 15 nicotine pouches over a 12-hour period as a study aid
- Taken to ER via ambulance
- Symptoms: Confused, nonsensical language, unable to sit in a chair, nausea, hypertension
- Treated and discharged within 24 hours

**“Repeated” use can lead to  
nicotine toxicity**

# Marketing





# Advertising Spending Data from Numerator

Duan *et al.* reported that between January 2019 – September 2021, 3 leading nicotine pouch brands spent \$24,774,650 on marketing

- Radio
  - TV
  - Mobile and online ads
  - Print
- Most ad \$ and occurrences**





# Event Marketing



# Zyn Rewards Program

---

## HOW IT WORKS

[Watch the Introductory Video](#)



### SCAN CODES

Using your phone, scan the QR code on the back of your can to receive your points. Enter up to 60 codes per month. Keep in mind codes are case-sensitive!



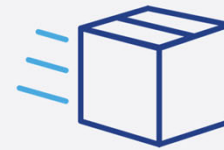
### COLLECT POINTS

Get 15 points for every reward code and look out for chances to earn bonus points.



### SHOP REWARDS

Browse more than 50 reward items and choose one to start saving for.



### ORDER, ENJOY

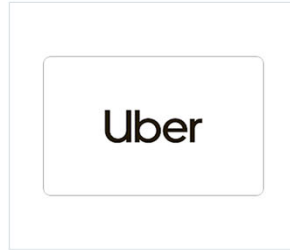
Use points to purchase rewards. Every order ships for free!

# Zyn Rewards Program

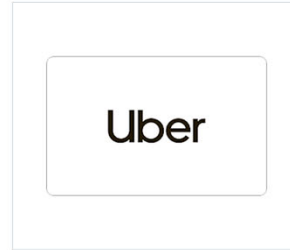
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**CUISINART MINI-PREP  
FOOD PROCESSOR**  
1450 POINTS



**E-GIFT CARD: UBER \$50**  
1650 POINTS



**E-GIFT CARD: UBER \$25**  
925 POINTS

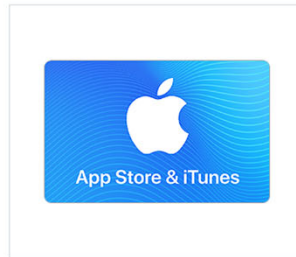


**SUNNY HEALTH WALK  
STATION SLIM FLAT  
TREADMILL**  
7560 POINTS

**614  
cans  
needed**



**APPLE WATCH SERIES 8**  
9200 POINTS



**E-GIFT CARD: APP STORE  
& ITUNES \$25**  
925 POINTS



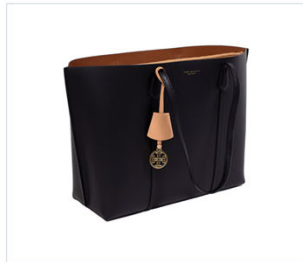
**E-GIFT CARD: AIRBNB \$50**  
1650 POINTS



**PUR AND CALM  
MICROFIBER WEIGHTED  
BLANKET**  
2400 POINTS

# Zyn Rewards Program

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**TORY BURCH PERRY TOTE**  
10030 POINTS



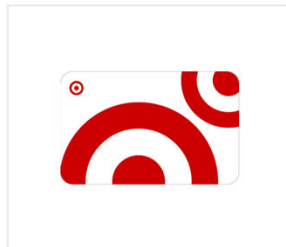
**SONOS BEAM SOUND SYSTEM**  
9000 POINTS



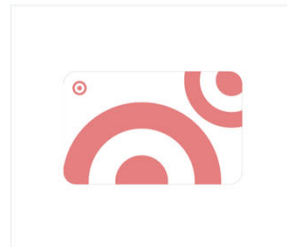
**GOPRO HERO11 BLACK MINI**  
7560 POINTS



**KATE SPADE BLACK NYLON BAND**  
2400 POINTS



**E-GIFT CARD: TARGET \$50**  
1650 POINTS



**E-GIFT CARD: TARGET \$25**  
925 POINTS

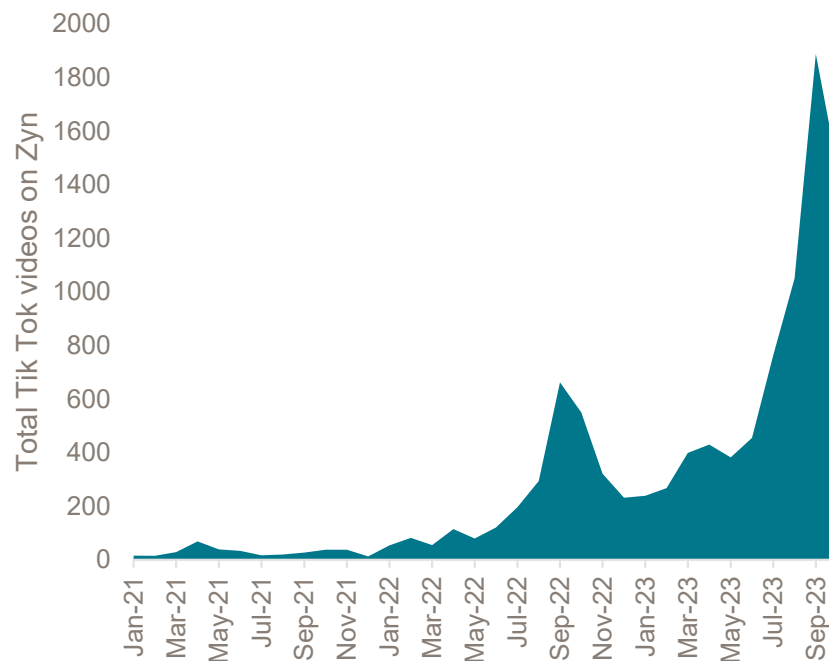


**LEATHERMAN WINGMAN**  
2340 POINTS



**PEAK SINGLE SPHERE ICE MOLD**  
840 POINTS

# Zyn sub-culture on TikTok



Find related content

Find related content

Report


When you ask your 21 yr old friend to get you zyns but he


Zynbabwe

A country almost like [Zimbabwe](#), except every man and child has a [pack](#) of zynachinos and an [upper decky lip pillow](#) at all times.

[Himmy Neutron packs](#) so many [upper decky](#) lip cushions, he must be from Zynbabwe

by [Ferda\\_Kanye](#) October 21, 2022







# Wear your identity

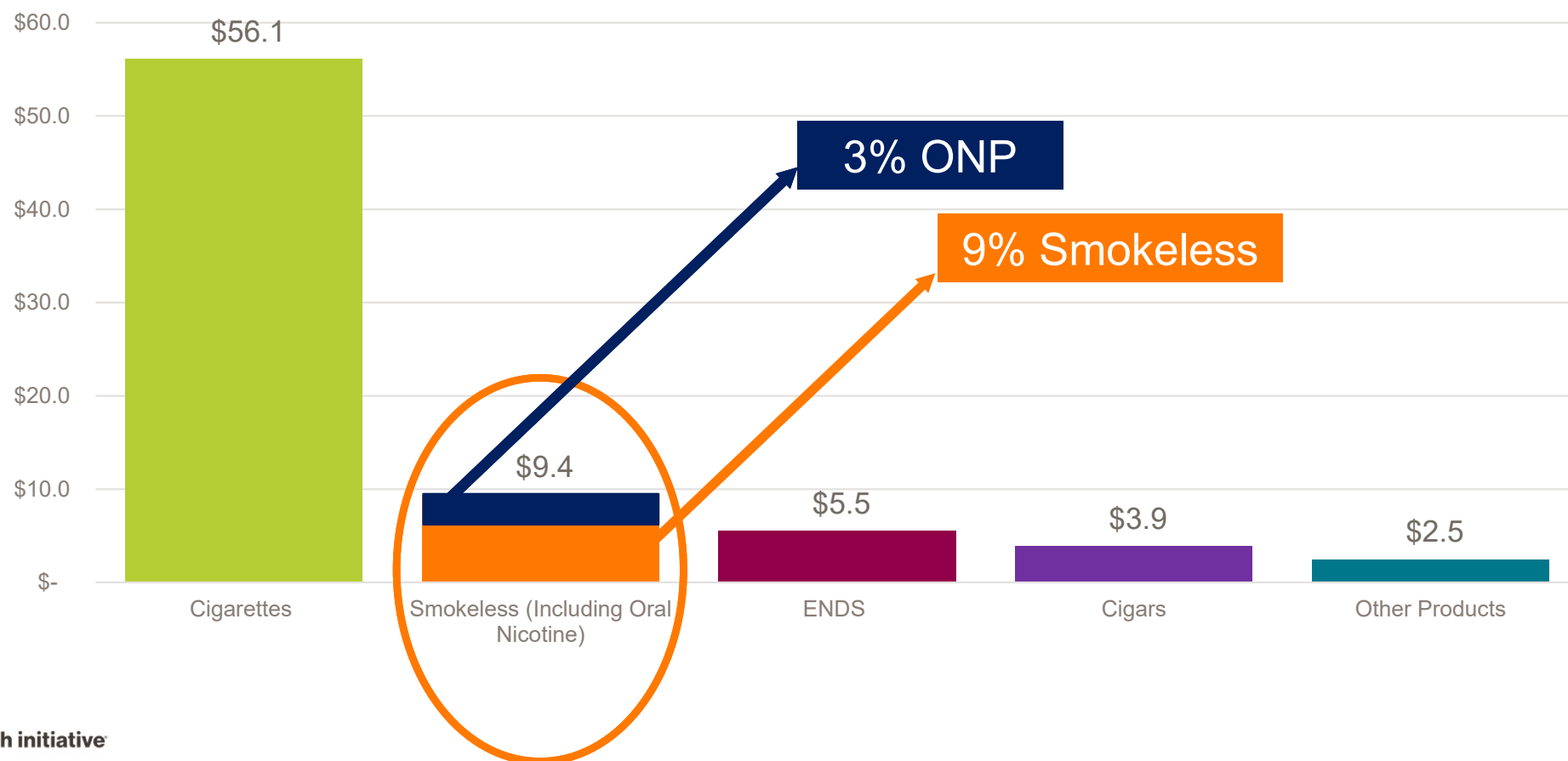
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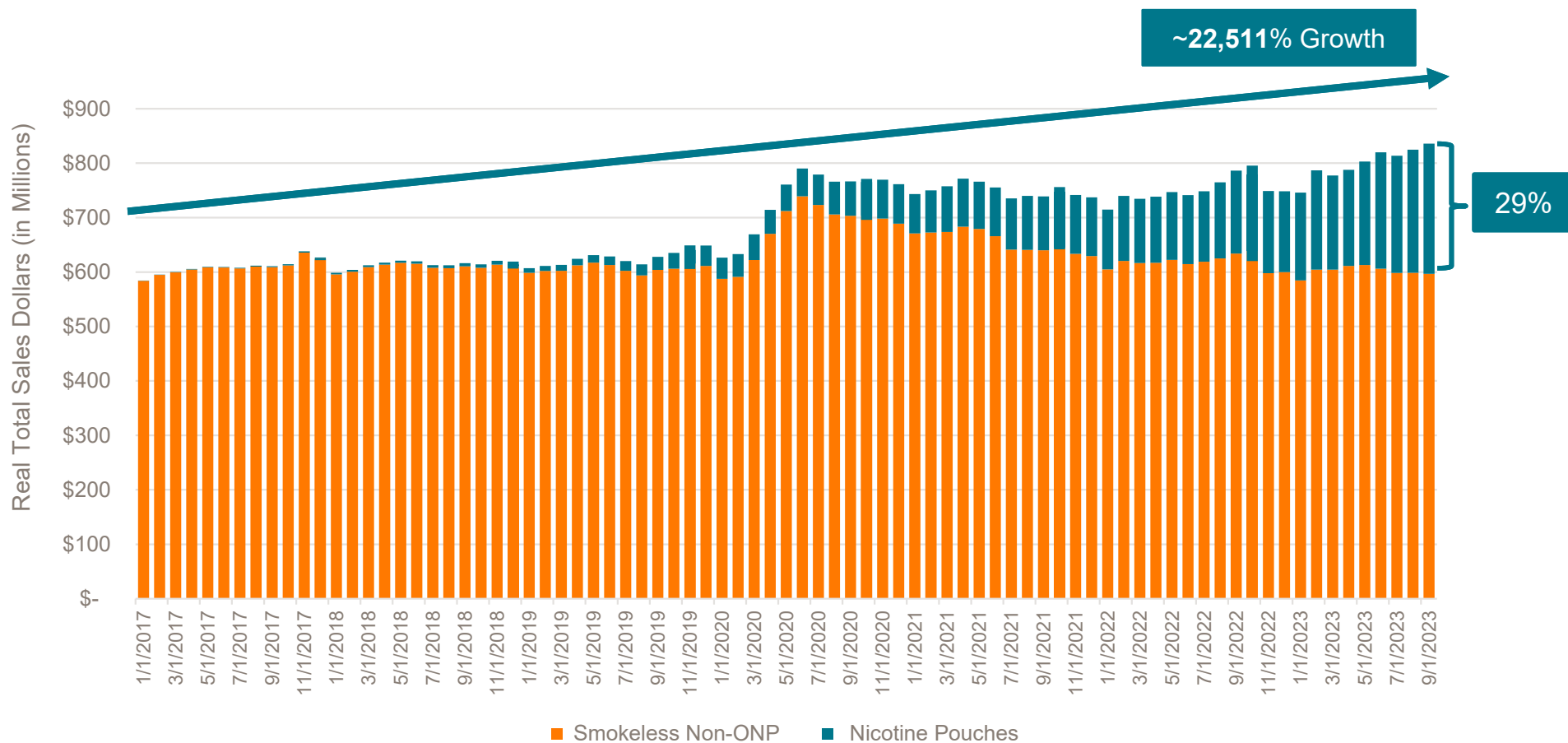


# Retail Sales Data: Smokeless Tobacco & Oral Nicotine Pouches

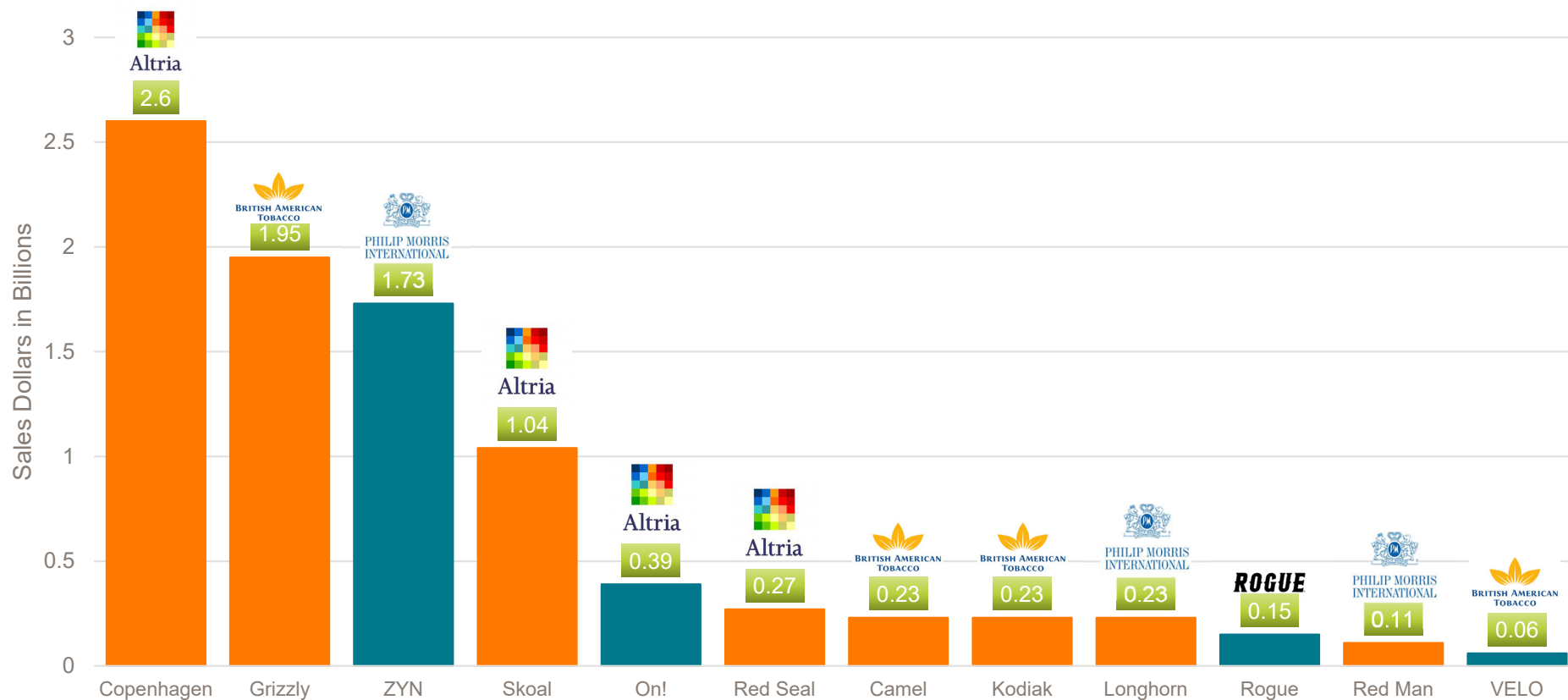
## Market share of smokeless tobacco/nicotine continues to increase, 2023



# Oral nicotine pouches have had explosive growth

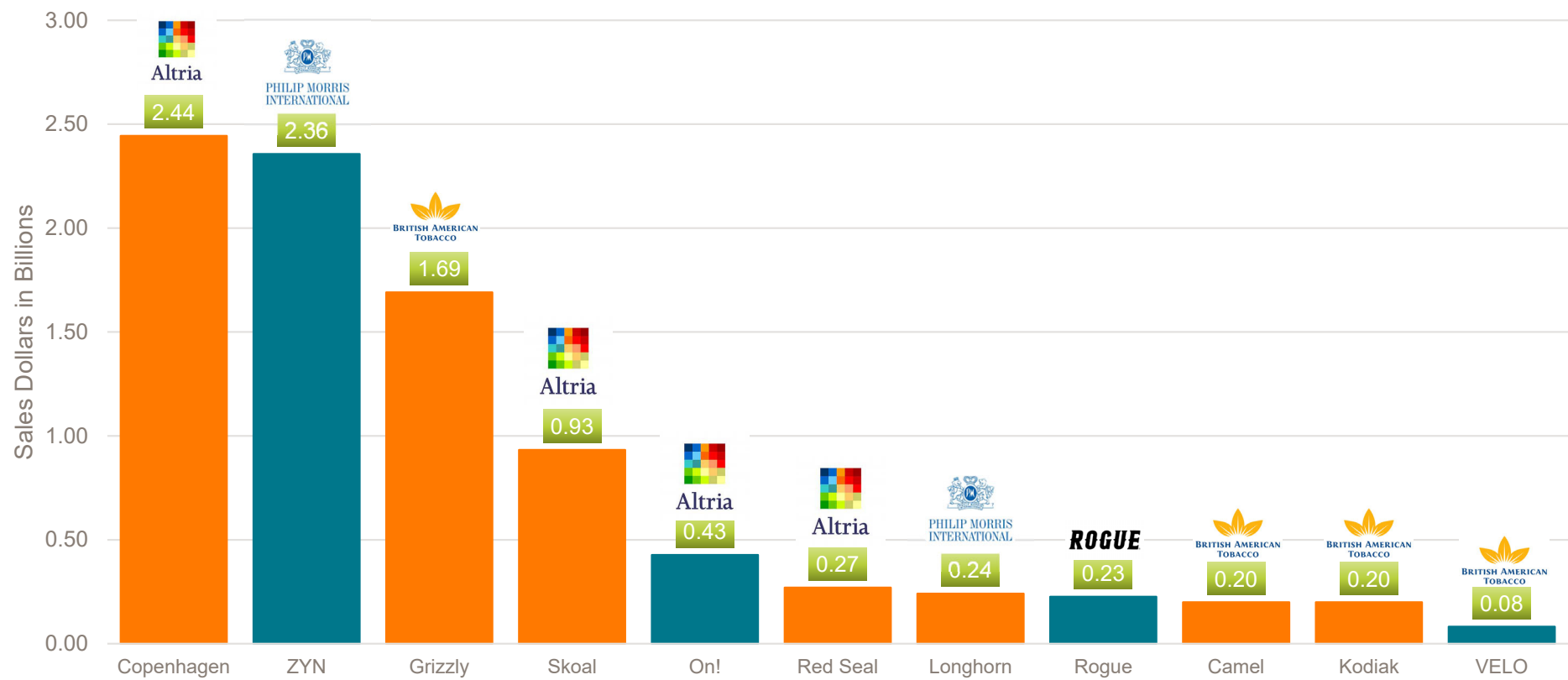


# Nicotine pouches gain market share – June 2023



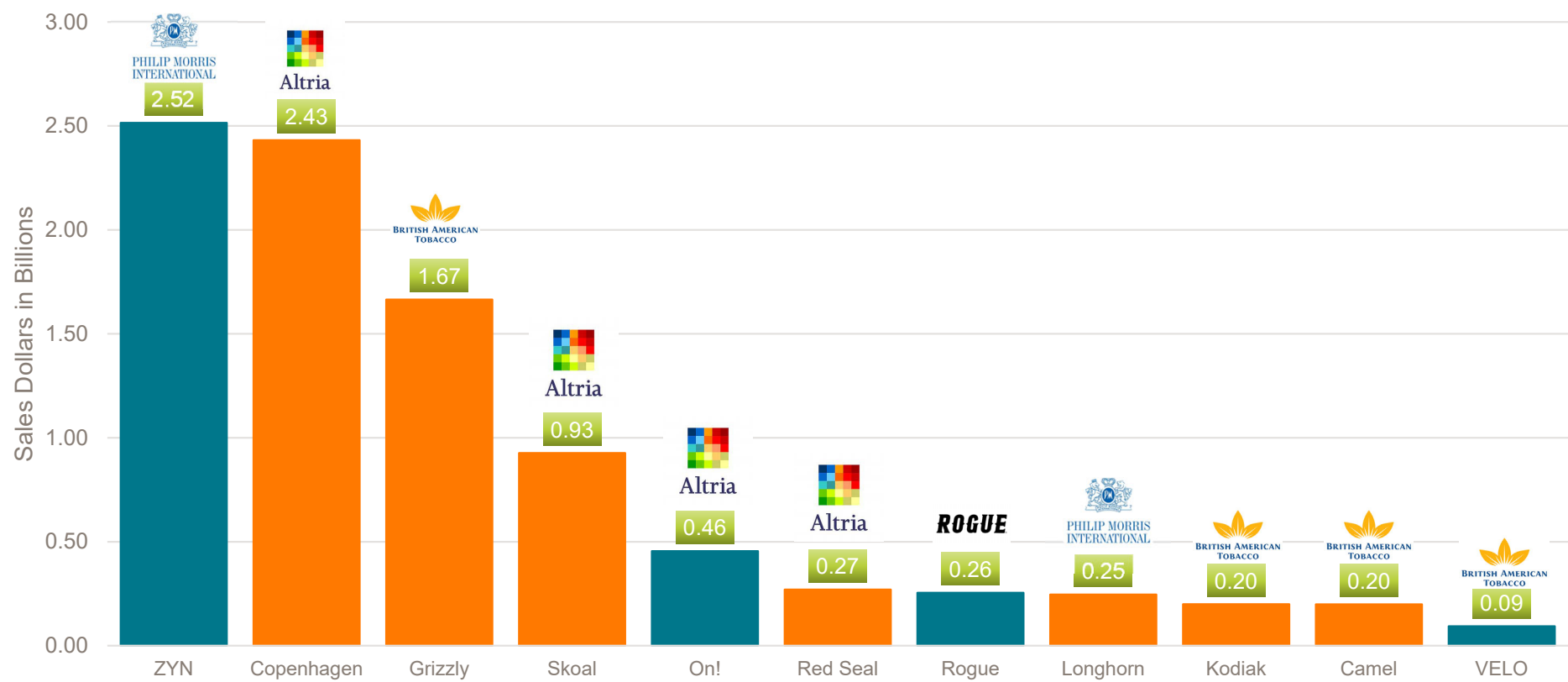
Herzog B. 2023. Americas Tobacco: NielsenIQ Data thru 7/29

# Nicotine pouches gain market share – September 2024



Source: Herzog B. 2024. Americas Tobacco; NielsenIQ Data thru 9/7/2024

# Nicotine pouches gain market share – November 2024



Source: Herzog B. 2024. Americas Tobacco; NielsenIQ Data thru 11/12/2024

# The Market Leaders in Oral Nicotine Pouches

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76%



14%

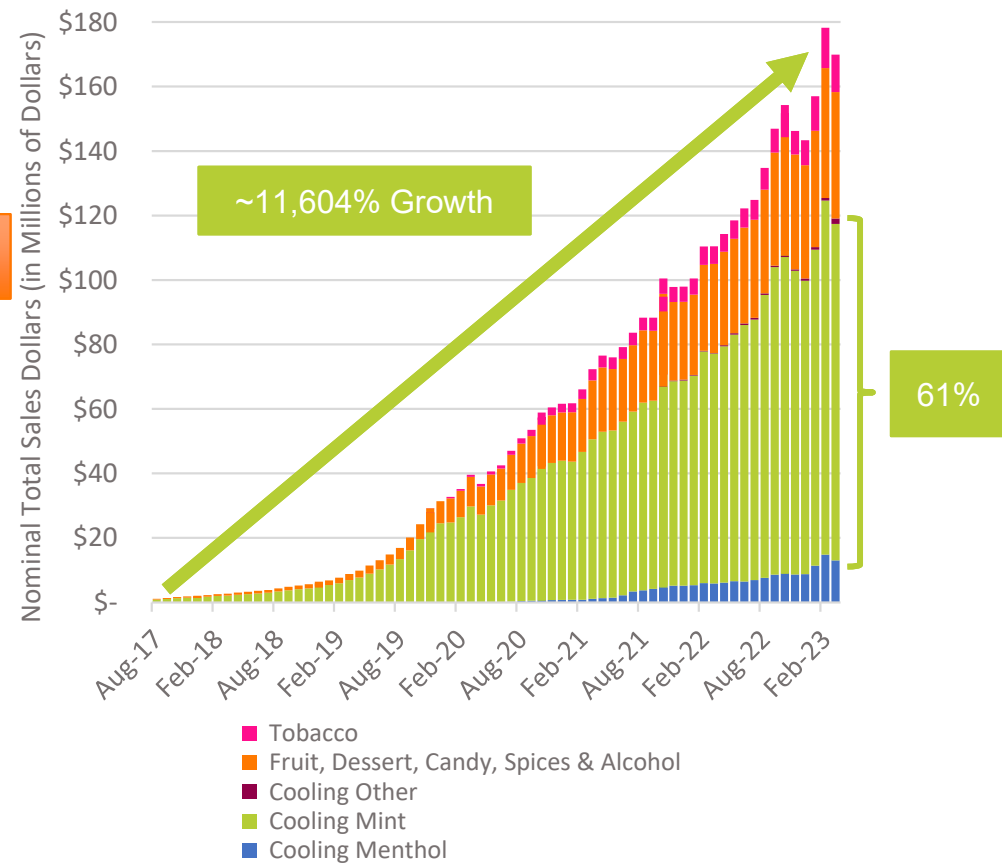
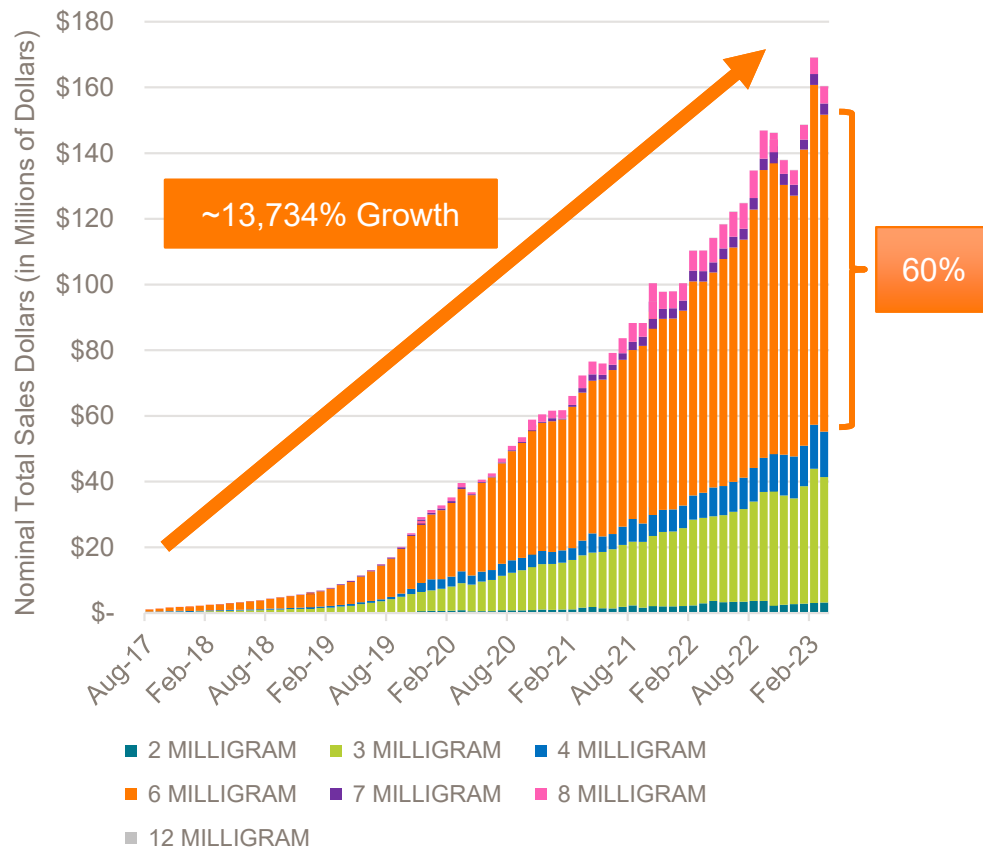


7%



3%

# Growth is driven by 6 milligram strength flavored like cooling mint





# ZYN's Timeline of Growth

# 2014-2015 Colorado Roll Out

*“It is therefore desirable to provide a nicotine product which rapidly delivers nicotine to the user and thereby provides the user with the desired effect. It is also desirable to provide a nicotine product which gives an almost complete delivery of the nicotine to the user to avoid unnecessary waste”*

**Zyn Patent Application, 2015**

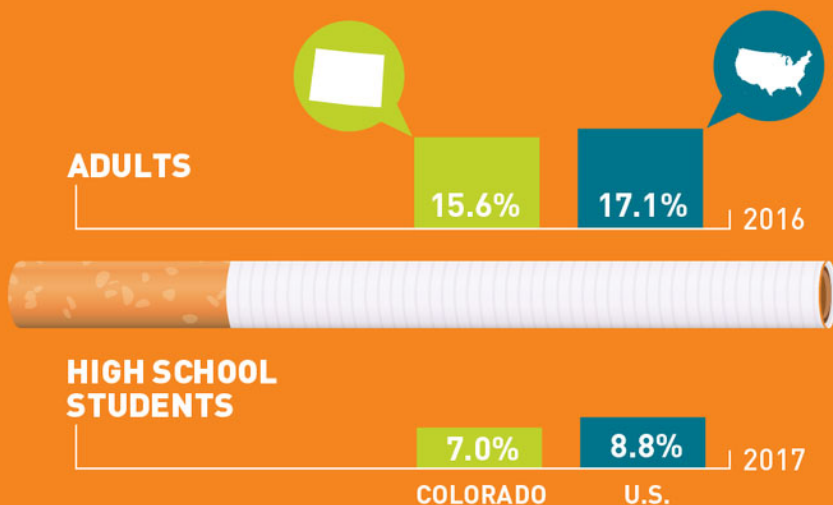


# Why Colorado?

## CIGARETTE USE

among adults and high school students

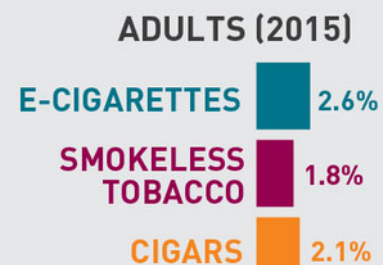
COLORADO



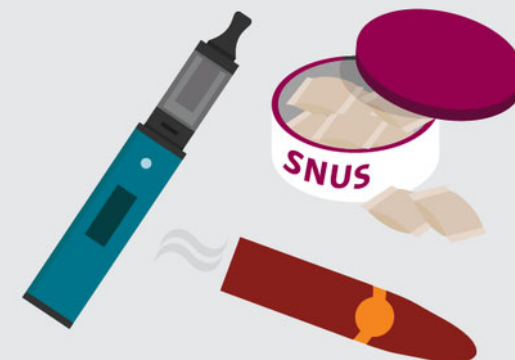
## OTHER TOBACCO PRODUCT USE

among adults and high school students

COLORADO



### HIGH SCHOOL STUDENTS (2017)

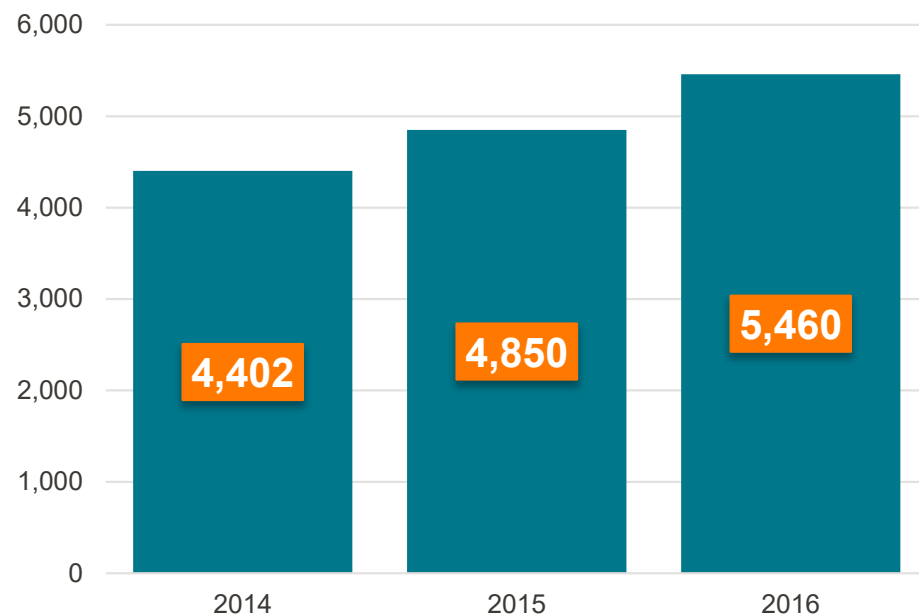


# 2016 Expansion out West

*“Market related costs are expected to increase somewhat primarily related to the expansion of ZYN in the US market.”*



Swedish Match Total Number of Employees\*



Data from: [https://www.swedishmatch.com/globalassets/reports/annual-reports/2016\\_swedishmatchannualreport\\_en.pdf](https://www.swedishmatch.com/globalassets/reports/annual-reports/2016_swedishmatchannualreport_en.pdf)

\*Employees include employees outside of the US

# 2017 Retail Explosion

*One of the most exciting developments in the US smokeless market has been the very positive reception for ZYN ... **Volume growth has been impressive.** Not only have we expanded our distribution in the western US, but also **have experienced growth through faster turnover in existing stores.***

*“We are currently **building new capacity** in the US in our Owensboro, Kentucky facility, investing more than **60 million dollars** to enable us to produce locally to support the growth of ZYN.”*



truth initiative



Data from: [https://www.swedishmatch.com/globalassets/reports/annual-reports/2017\\_swedishmatchannualreport\\_en.pdf](https://www.swedishmatch.com/globalassets/reports/annual-reports/2017_swedishmatchannualreport_en.pdf)

# 2018 Market Health?

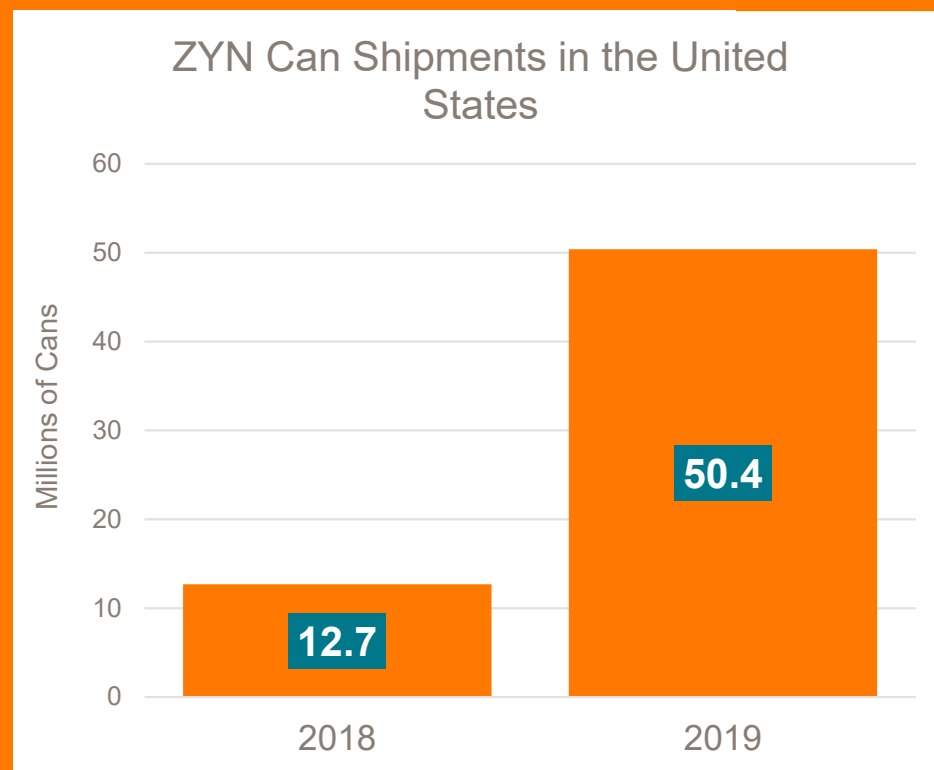
*“Engaged in public awareness campaigns with the objective of increasing understanding of the health benefits of snus and ZYN compared to cigarettes.”*

*“The very strong demand that we have experienced for ZYN in the western region has prompted us to twice decide to scale up the investment in manufacturing capacity for ZYN”*



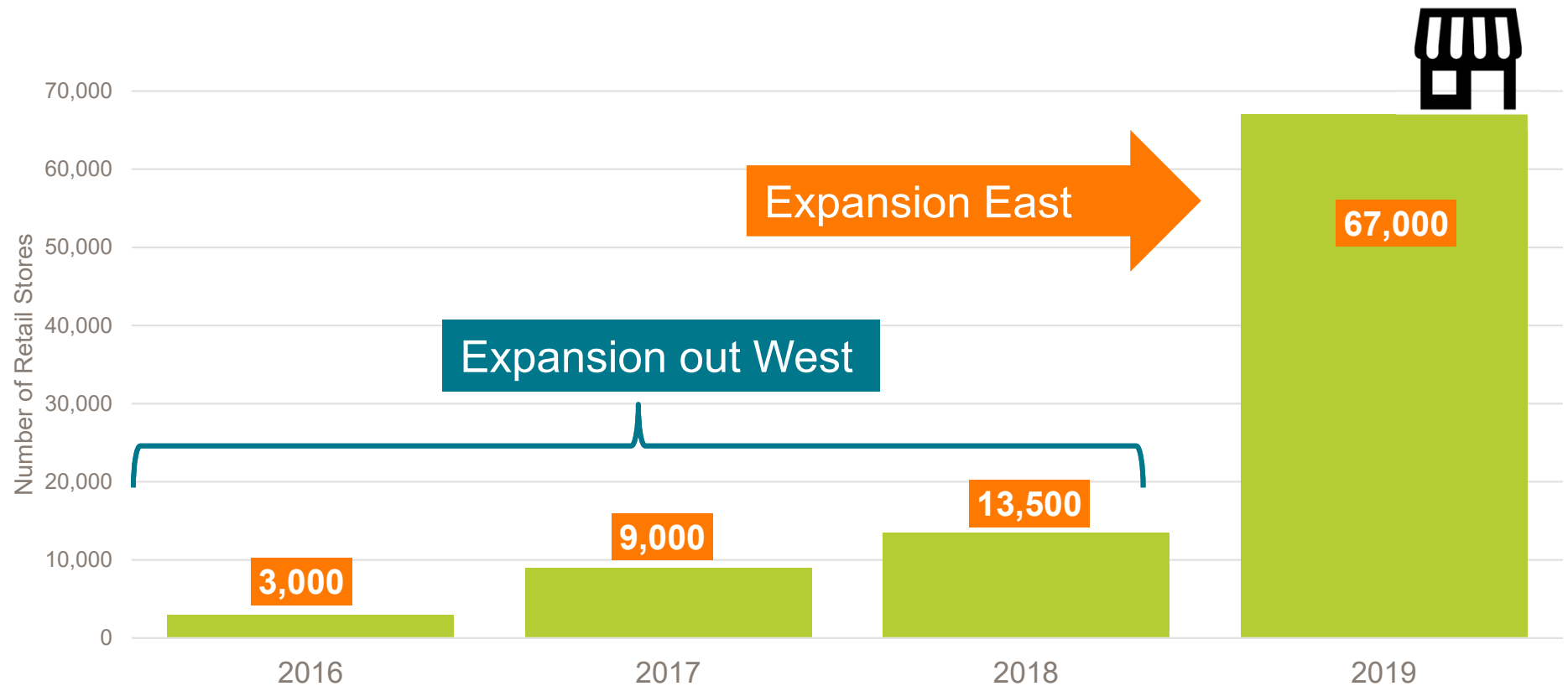
## 2019 Increasing Profit

“While the distribution footprint for ZYN expanded more than fourfold during the year, **growing volumes for ZYN were also attributable to increased sales volume per store.**”



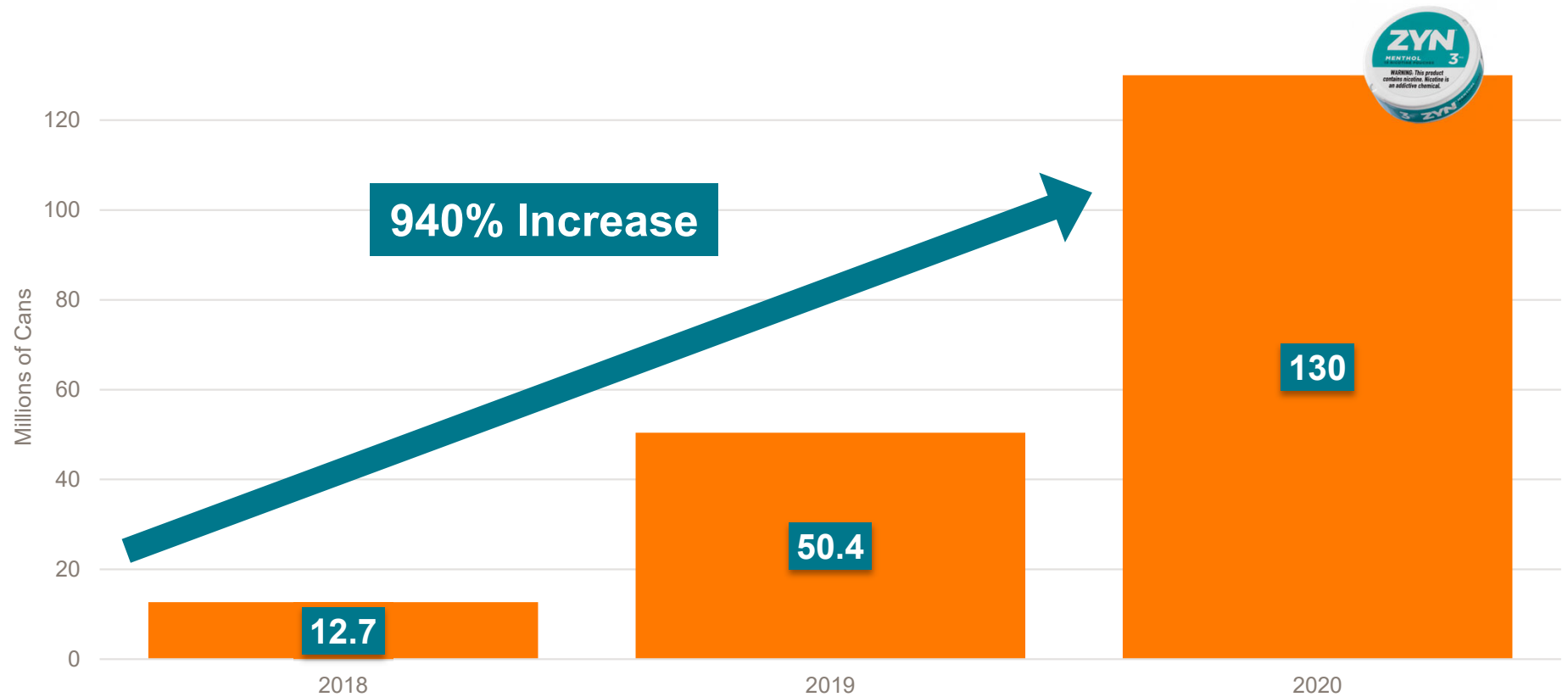
Data and Quote from: [https://www.swedishmatch.com/globalassets/reports/annual-reports/2019\\_swedishmatchannualreport\\_interactive\\_en.pdf](https://www.swedishmatch.com/globalassets/reports/annual-reports/2019_swedishmatchannualreport_interactive_en.pdf)

## 2016-2019: ZYN's Continued Expansion and Increasing Availability





# 2020: Positive Covid Effects



## 2021: Investing in the US

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*“During the year, we have once again scaled up the ZYN production capacity in the US. Out of our total R&D expenditure, 91 percent was related to smokefree products.”*

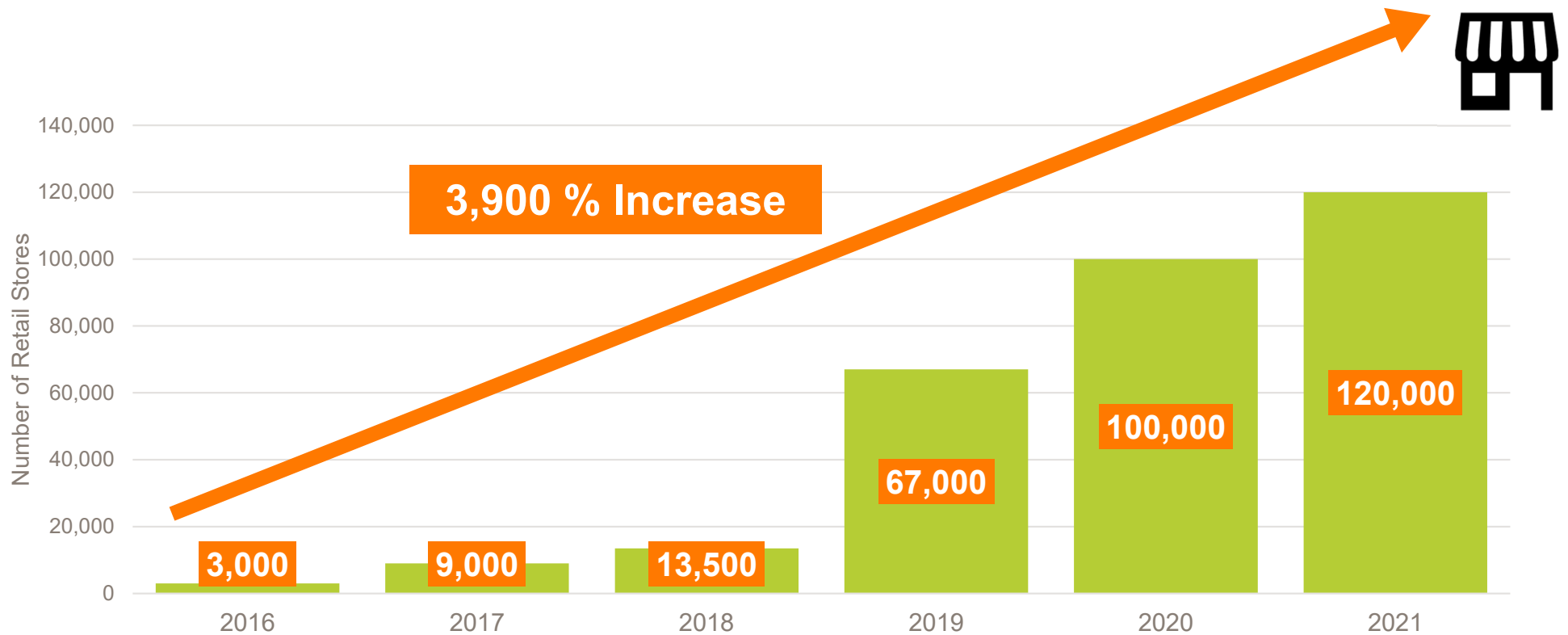


198 Millions of Cans Shipped in  
2021



- United States
- All Other Countries

# 2021 ZYN's Expansion Continues



## 2022: Success Under Swedish Match

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**Number of  
Employees**

**73%**

**(4,402 – 7,536)**

**2014-2022**

**Number of  
Stores**

**4,500%**

**(3,000 – 138,000)**

**2016-2022**

**Number of  
Cans  
Shipped**

**1,633%**

**(12.7M-220M)**

**2018-2022**

# End 2022: Phillip Morris International



World Business Markets Sustainability Legal Breakingviews Technology Investigations

Reuters Ecom World: Is the inflation battle really over? Join Carmel Crimmins for a discussion about possible interest rate

Deals

## Philip Morris to de-list Swedish Match after raising stake to 93%

By Marie Mannes

November 28, 2022 6:58 AM EST · Updated 2 years ago



# Phillip Morris International becomes sole owner of Swedish Match and Zyn



# 2023: ZYN US Goals

## Strong Category Outlook 2024-26

### U.S.:

ZYN driving strong top and bottom-line of total PMI U.S. business

### International:

Leveraging IQOS infrastructure with disciplined investments to drive mid-term growth

### Overall Oral Smoke-Free:

Continue innovating with high quality, serious propositions for adult nicotine users

Target  
800m-1bn  
Nicotine Pouch Cans  
by 2026,  
mostly from U.S.

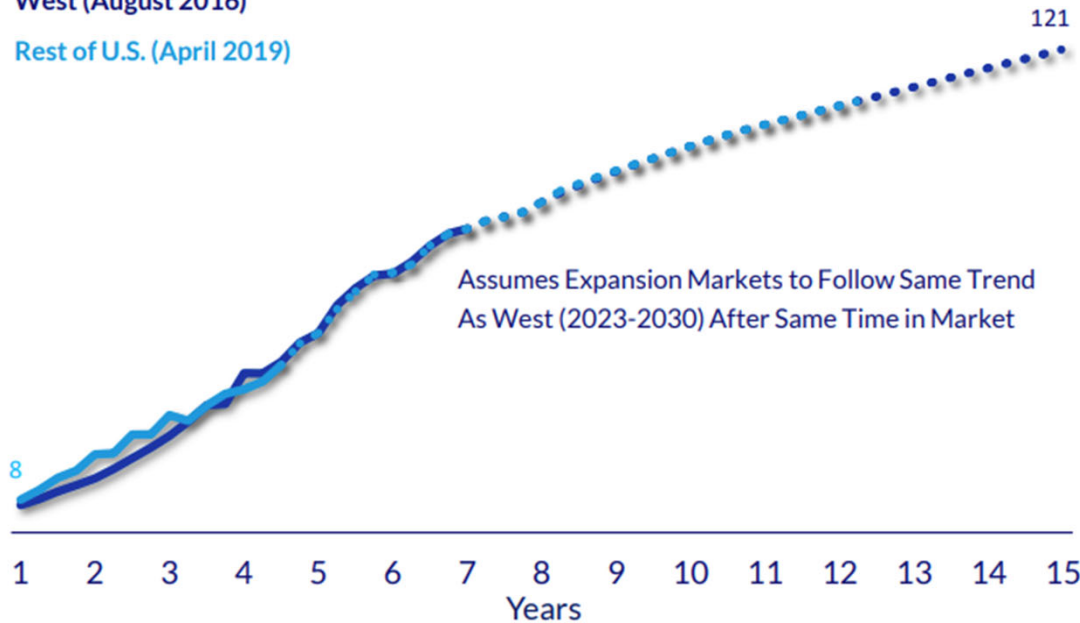


# The Future of ZYN in the US

## Category Cans/Store/Week (13W rolling)

West (August 2016)

Rest of U.S. (April 2019)



Potential Scenario  
of Velocity Growth  
Would Imply a  
2030 Category Size of:

**~3x**

Current Category Size

Note: Expansion of store universe assumed to be 5% per year for modelling purpose; expansion markets assumed to follow same trend as West (2023-2030) after same time in market  
Source: Company illustrative calculations based on IRI Unify

19

# PMI is investing \$600M to build a new Zyn manufacturing facility

---

- In summer 2024 numerous nationwide Zyn shortages were reported
- This expansion is in addition to their plan to increase production in Kentucky

5

Source: <https://www.nbcnews.com/business/business-news/zyn-maker-increases-production-capacity-new-600-million-facility-color-rcna162072>





# Who is Using Zyn?

## 2020 Who is using ZYN?

---

*“But I think it's fair to say that in our portfolio, it seems like the majority of the consumers are those with smokeless experience or previous smokeless experience. But it's about half. So about half is also coming from other sources...”*



# 2023 Who is Using ZYN?



## ZYN Consumer Fact Sheet

### Demographics

**39yrs**  
Average Age

**33%**  
Women

### Average Weekly Consumption (cans)

**4.2**  
ZYN Rewards Members

**3.2**  
Total Average

### Split on Flavor & Nicotine Strength

**62%**  
Mint Flavors

**70%**  
6mg Nicotine

Who are the 19% missing?

**36%**  
Traditional Oral

**20% 25%**

Maybe nicotine naïve users???

### Income & Education

**\$89k**  
Avg Household Income

**60%**  
Graduates

# A Few Use a Lot

*“So we -- a little bit of caution there to say exactly what the average consumption is. What we can say definitively is that if you look in -- among those consumers that are registered in the ZYN loyalty program, the average consumption is higher, around 4 or north of 4 cans per consumer in a week...”*

**65% of sales are driven  
by 20% of users**

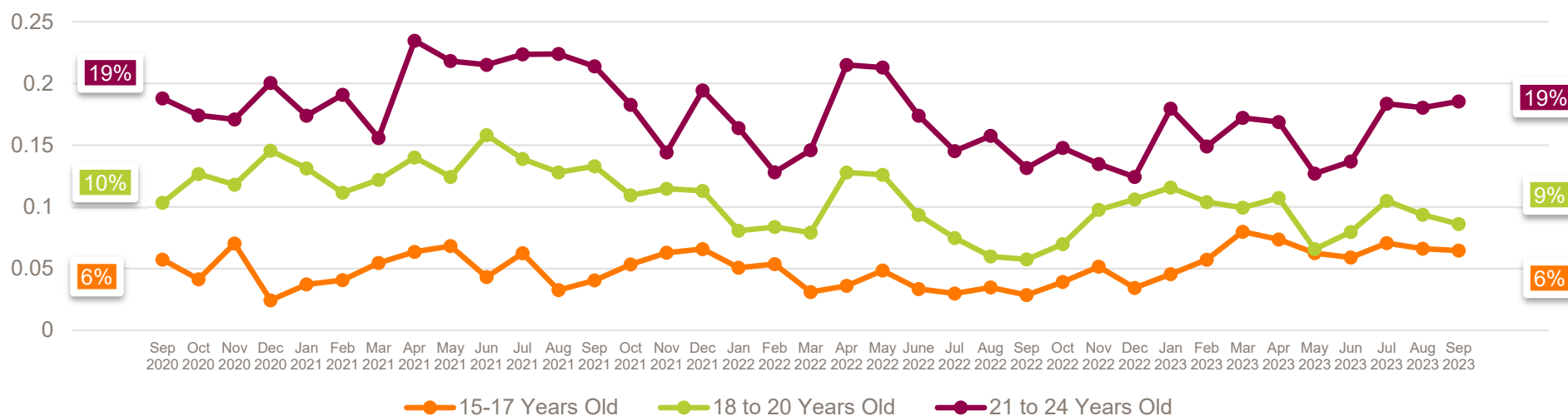


Quote from: [https://www.swedishmatch.com/globalassets/reports/annual-reports/2022\\_swedishmatchannualreport\\_en.pdf](https://www.swedishmatch.com/globalassets/reports/annual-reports/2022_swedishmatchannualreport_en.pdf)

Image: ZYN Travel Tube from: <https://flfablab.com/products/zyn-can-travel-tube-holds-5-cans-with-33665>

# Monitoring Use

- Surveillance systems have been slow to include Nicotine Pouches in the products being monitored.
  - Adults - 2022 **CPS-TUS data** reported **2.9%** of US adults had ever used nicotine pouches
  - Youth - 2024 **NYTS** reported **3.5%** of Middle and High School students had ever used nicotine pouches
  - **Truth Continuous Tracker Online** shows higher rates in online convenience samples:



# ZYN: Inspiring Competitors





# ALP owned by Tucker Carlson

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# Does this feel familiar?

# Remember JUUL?

HEALTH AND SCIENCE

## Tobacco giant Altria takes 35% stake in Juul, valuing e-cigarette company at \$38 billion

PUBLISHED THU, DEC 20 2018 7:04 AM EST | UPDATED THU, DEC 20 2018 4:43 PM EST



Angelica Peebles  
@ANGELICAPEEBLES/  
ANGELICAPEEBLES

SHARE f X in ✉

### KEY POINTS

- Altria has taken a 35 percent stake in Juul, the companies announce.
- Juul represents about 75 percent of the e-cigarette market.



# Familiar? Remember Disposable Vapes



# Key Takeaways

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Oral nicotine pouches, with Zyn as the market leader, are a new and rapidly growing product category

Youth use is currently low, BUT nicotine pouches may appeal to youth because they are flavored and can be used discreetly

Nicotine pouches are marketed through a variety of channels (e.g., radio, TV, point of sale)

Long-term health risks are not known

# Questions?

Andrew B. Seidenberg, PhD, MPH  
[aseidenberg@truthinitiative.org](mailto:aseidenberg@truthinitiative.org)

Megan C. Diaz, PhD  
[mdiaz@truthinitiative.org](mailto:mdiaz@truthinitiative.org)



# Q&A





Thank you!

Dan Hamilton, MPH

Program Analyst, Chronic Disease

DHamilton@naccho.org



# FREQUENTLY ASKED QUESTIONS ABOUT NICOTINE POUCHES



Nicotine pouches are smokeless commercial tobacco products, like snus and tobacco chew, that contain nicotine, whether naturally or synthetically derived.<sup>1</sup> Users place the pouch between the lip and gums where the nicotine can be absorbed through the gums and into the bloodstream.

The pouches are *not* nicotine replacement therapeutic products. This fact sheet contains answers to frequently asked questions about nicotine pouches.

## Q: How popular are nicotine pouches?

**A:** Nicotine pouches have gained popularity across the U.S. in recent years, particularly in response to growing public scrutiny and increased regulation of combustible and non-combustible tobacco products like cigarettes and e-cigarettes. One of the most popular nicotine



pouch brands is Philip Morris International's Zyn. Other brands include Altria's On! and British American Tobacco's Velo. According to the Centers for Disease Control and Prevention and tobacco researchers, nicotine pouch sales in the United States have exploded since 2016, going from 6 million sold to 334 million by 2023, with Zyn leading the charge.<sup>2</sup>



Countless nicotine products with confusing claims have recently entered the market.



**Q: Do nicotine pouches contain commercial tobacco?**

**A:** Products like Zyn claim to be commercial tobacco-free. Although they may not contain tobacco leaves, most nicotine pouches use nicotine derived from tobacco leaves. Some products other than Zyn claim to use *synthetic* nicotine that is not derived from tobacco leaves; however, the accuracy of such claims is, at best, suspect. The reality is that countless nicotine products with confusing claims have recently entered the market with confusing claims — products that are neither authorized nor approved by the U.S. Food and Drug Administration.<sup>3</sup> The FDA considers nicotine pouches to be commercial tobacco products that are under its authority to regulate and restrict, but far more nicotine products are in the market today than there are FDA regulators and agents.

**Q: How can nicotine pouches be sold without marketing authorization from the FDA?**

**A:** In part because of the deluge of product applications that the FDA received for marketing authorization, the agency clarified after the Deeming Rule that it would allow companies to continue to sell their products as long as the companies submitted premarket tobacco product applications (PMTAs) by August of 2020. Zyn appears to fall into this category, as do other nicotine pouches like On! and Velo, since the companies owning these products all submitted

PMTAs for them in 2020.<sup>4</sup> However, the FDA has not made a final decision on any of these applications, nor has it issued a marketing granted order or a marketing denial order for any brand of nicotine pouches. These companies therefore have temporary permission from the FDA to continue to sell their products, even though they lack a marketing granted order.

## **Q: What has the FDA done about nicotine pouches?**

**A:** Clearly, what the FDA has *not* done is issue a marketing granted order for products like Zyn, On!, and Velo. This suggests that the agency has not yet decided whether it would be appropriate for the protection of public health to grant these products authorization.

The FDA is also surveilling the nicotine pouch market to see if such products are being sold to underage consumers. For example, the agency sent youth decoys to attempt to purchase nicotine pouches at retailers across the country between 2023 and 2024. The agency then issued 119 warning letters and 41 civil monetary penalty complaints against numerous brick and mortar retailers for selling to underage consumers.<sup>5</sup>

## **Q: Are nicotine pouches really that bad?**

**A:** Some public health researchers, such as those supported by the tobacco industry, are happy to argue that smokeless tobacco products are a net win for public health, and that products like e-cigarettes and nicotine pouches can be vehicles to improving health. Other public health researchers contend that whether a product is combusted, or even contains tobacco leaf, has little bearing on how the harm of using such a product should be assessed and regulated.

Nicotine is a highly addictive substance; the U.S. Surgeon General found nicotine comparable to heroin in terms of addictiveness.<sup>6</sup> The effects of nicotine dependence can be even more pronounced when teenagers and young adults use nicotine. And flavor molecules, especially those found in menthol, might make nicotine addiction and its consequences much worse, owing to how the molecules interact in the brain.

## **Q: Are nicotine pouches rising in popularity among youth?**

**A:** One of the selling points for nicotine pouches is their ability to be used discreetly. Nicotine pouches do not produce smoke or vapor and are small enough to be inconspicuous when used. The most popular nicotine pouches today come in small containers that look like they contain mints or gum. The companies market these products for use almost everywhere, including at times and places where other tobacco products are banned.



The explosion in youth e-cigarette use beginning around 2010 and 2011 led to an entire generation of young people beginning to use “alternative” tobacco products and normalizing tobacco product use.<sup>7</sup> In response to this upsurge, local and state lawmakers have enacted measures to curb the youth appeal of tobacco products — including non-tobacco nicotine products — and have especially targeted flavors.<sup>8</sup> As these laws take effect, adults and youth alike have turned to other, even more discreet means of satiating their need for nicotine. According to the National Youth Tobacco Survey results in 2023, among youth under 18 years old, nicotine pouch use is around 1.5 percent, which is comparable to cigarettes and cigar use, and much lower than e-cigarette use.<sup>9</sup> But according to the 2021 National Youth Tobacco Survey results, youth use of nicotine pouches stood at 0.8 percent, while the use of those other three products were about the same.<sup>10</sup>

Another selling point for nicotine pouches is that many of these brands are flavored, which is essential to their appeal to young people. While states like California and Massachusetts have moved to prohibit the sales of most flavored tobacco products, and numerous cities and counties have done the same, a great many other places have not. And even in California, high school use of nicotine pouches stood at 1.1 percent in 2023 — and the overwhelming majority of tobacco products used by youth in that state were flavored.<sup>11</sup>

## **Q: What can the public health community do about these products?**

**A:** Although products such as Zyn, On!, and Velo can be sold temporarily because of the grace period they enjoy while their PMTAs are reviewed, other brands are likely to emerge that have not attempted to go through the required premarket review process. The FDA does not have a publicly available list of all PMTAs under review, but it does provide a list of products with marketing granted and marketing denial orders. For those who believe a nicotine pouch product is being sold without the FDA's authorization, the agency provides an [online form](#) for notifying the agency of tobacco product violations.

Nicotine pouches are commercial tobacco products, and the best way to regulate their sale and use is with comprehensive state and local laws. State and local laws that define commercial tobacco products as those that use tobacco or nicotine (and are not FDA-approved nicotine replacement therapy drugs) unequivocally capture nicotine pouches, regardless of the purported source of their nicotine.

Banning the sale of all commercial tobacco products is the single best way to curb commercial tobacco product use across all generations. Short of that, enacting strong flavor laws restricting all flavored commercial tobacco products has been and remains one of the best ways to address youth use. Local jurisdictions that have the legal authority to enact their own measures may consider doing so, independent of or in conjunction with their states.

By using the Public Health Law Center's comprehensive model definitions for "tobacco product" and "flavored tobacco product," jurisdictions will capture all nicotine pouch products, including flavored nicotine pouches:

"Tobacco Product" means:

- (1) any product containing, made of, or derived from tobacco or nicotine that is intended for human consumption or is likely to be consumed, whether inhaled, absorbed, or ingested by any other means, including but not limited to, a cigarette, a cigar, pipe tobacco, chewing tobacco, snuff, or snus;
- (2) any electronic smoking device and any substances that may be aerosolized or vaporized by such device, whether or not the substance contains nicotine; or
- (3) any component, part, or accessory of (1) or (2), whether or not any of these contains tobacco or nicotine, including but not limited to filters, rolling papers, blunt or hemp wraps, hookahs, mouthpieces, and pipes.

“Tobacco product” does not mean drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration, as those terms are defined in the Federal Food, Drug, and Cosmetic Act.

“Flavored tobacco product” means any tobacco product that imparts:

- (1) a taste or smell, other than the taste or smell of tobacco, distinguishable by an ordinary consumer either prior to or during the consumption of such tobacco product, including but not limited to the taste or smell of fruit, chocolate, vanilla, honey, candy, cocoa, dessert, alcoholic beverage, mint, wintergreen, menthol, herb, or spice; or
- (2) a cooling or numbing sensation distinguishable by an ordinary consumer either prior to or during the consumption of such tobacco product.

“Presumptive flavored tobacco product.” Any communication by, or on behalf of, the manufacturer or retailer of a tobacco product that indicates that the product imparts: a taste or smell other than the taste or smell of tobacco, or a cooling or numbing sensation, constitutes presumptive evidence of a violation of this section. Presumptive evidence may include but is not limited to the use of terms such as “cool,” “chill,” “ice,” “fresh,” “arctic,” or “frost” to describe the product.

Enforcement will be a challenge. Focusing on non-compliant individuals is unlikely to be as effective as enforcing policies for retailers and suppliers, which buttresses the case for state and local action to regulate tobacco retailers as strongly as possible. A “presumptive flavored tobacco product” provision helps local enforcement as well, since it puts the burden on the tobacco industry to prove its products are not flavored in the way that an ordinary consumer would consider it, while giving local enforcement agents a potent source of information (consumer experiences and product reviews) upon which to base their actions.

For more information about nicotine pouches, see [\*Zyn & the Rise in Popularity of Nicotine Pouches\* \(2024\)](#), a publication from the Public Health Law Center for our California partners.

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## Endnotes

- 1 Traditional and commercial tobacco are different in the ways they are planted, grown, harvested, and used. Traditional tobacco is and has been used in sacred ways by Indigenous communities and Tribes for centuries. Commercial tobacco is manufactured for recreational use and profit, resulting in disease and death. When the word “tobacco” is used throughout this document, a commercial context is implied and intended. For more information, visit the National Native Network website: <https://keepitsacred.itcml.org>.
- 2 Kristy L. Marynak et al., *Nicotine Pouch Unit Sales in the US, 2016–2020*, 326 JAMA 566 (2021); Anuja Majmundar et al., *Nicotine Pouch Sales Trends in the U.S. by Volume and Nicotine Concentration Levels from 2019 to 2022*, 5 JAMA e2242235 (2022).
- 3 Willow Anderson, *The Regulatory Puzzle of Metatine and the Challenge of No-Nicotine Claims*, Public Health Law Center (2024), <https://www.publichealthlawcenter.org/commentary/240202/2/2/24-regulatory-puzzle-metatine-and-challenge-no-nicotine-claims>.
- 4 *Swedish Match Results Presentation: Q1 2020*, Swedish Match, [https://www.swedishmatch.com/globalassets/documents/presentations/2020\\_q1\\_interimpresentation\\_swedishmatch\\_en.pdf](https://www.swedishmatch.com/globalassets/documents/presentations/2020_q1_interimpresentation_swedishmatch_en.pdf); *The Science of Oral Tobacco-Derived Nicotine*, Altria Science, <https://sciences.altria.com/en/product-platforms/oral-tobacco-derived-nicotine>; *VELO Pouch Premarket Tobacco Applications Submitted to FDA for Review by Reynolds*, PR Newswire, <https://www.prnewswire.com/news-releases/velo-pouch-premarket-tobacco-applications-submitted-to-fda-for-review-by-reynolds-301122281.html>.
- 5 *FDA Issues Warning Letters to and Files Civil Money Penalty Complaints Against Retailers for Underage Sales of ZYN Nicotine Pouches*, FDA (Apr. 4, 2024), <https://www.fda.gov/tobacco-products/ctp-newsroom/fda-issues-warning-letters-and-files-civil-money-penalty-complaints-against-retailers-underage-sales>.
- 6 *Surgeon General's Report: Smoking and Nicotine Addiction*, C-SPAN (1988), <https://www.c-span.org/video/?2611-1/surgeon-generals-report-smoking-nicotine-addiction>.
- 7 Karen A. Cullen et al., *E-Cigarette Use Among Youth in the United States, 2019*, 322 JAMA 2095 (2019).
- 8 See, e.g., Public Health Law Center, *U.S. Sales Restrictions on Flavored Tobacco Products* (2024), <https://www.publichealthlawcenter.org/sites/default/files/resources/US-sales-restrictions-flavored-tobacco-products.pdf>.
- 9 Jan Birdsey et al., *Tobacco Product Use Among U.S. Middle and High School Students — National Youth Tobacco Survey, 2023*, 72 MORBIDITY & MORTALITY WKLY. 1173 (2023).
- 10 Andrea S. Gentzke et al., *Tobacco Product Use and Associated Factors Among Middle and High School Students — National Youth Tobacco Survey, United States, 2021*, 71 MORBIDITY & MORTALITY WKLY. 1 (2022).
- 11 California Department of Public Health, *California Tobacco Facts and Figures 2024*, 14 fig. 8 (2024), <https://www.cdph.ca.gov/Programs/CCDPHP/DCDIC/CTCB/CDPH%20Document%20Library/ResearchandEvaluation/FactsandFigures/CaliforniaTobaccoFactsAndFigures2024.pdf>.



**House Finance and Taxation Committee  
HB 1570  
February 12, 2025  
Representative Craig Headland, Chair**

**Summary:**

- The City of Bismarck **strongly supports** relating to increasing the price of all tobacco products including electronic smoking devices.

**Testimony:**

Chairman Headland and Members of the House Finance and Taxation Committee:

On behalf of the City of Bismarck, my name is Susan Kahler, Substance Abuse Prevention Coordinator with Bismarck-Burleigh Public Health. Today, I offer testimony in **strong support of HB1570**.

The City of Bismarck's Tobacco Prevention Program follows the Centers for Disease Control and Prevention's (CDC's) Best Practices, which emphasize comprehensive strategies to reduce tobacco use. One major component is increasing the price of all tobacco products, including electronic smoking devices, to reduce tobacco use rates for everyone, especially among youth. This approach is backed by extensive research, including the 2020 U.S. Surgeon General's Report on Smoking Cessation.

As a Mayo Clinic Certified Tobacco Treatment Specialist, I have spent several years assisting individuals in North Dakota in quitting tobacco use. I want to share why raising the price of tobacco products would significantly benefit the health of our community.

In my work, I've encountered many young adults who started vaping as teenagers and have since struggled with nicotine addiction. One individual I worked with began vaping at age 13 and later experienced significant respiratory issues, particularly when exercising. Despite multiple attempts to quit, their addiction was deeply tied to stress, depression, and social influences.

One of the things I've seen time and time again is that the financial cost of vaping is often an overlooked barrier to quitting. My client didn't realize he was spending over \$200 per month on vape products until we discussed it. This financial strain only added to his stress, making it harder for him to break free from his addiction. The low cost of vape products allowed him to justify continuing his habit, despite the toll it was taking on his health.

Increasing tobacco prices in North Dakota would serve as a strong deterrent, particularly for young people who are vulnerable to addiction. Higher prices would make it harder for individuals to justify continuing their habit and could serve as a wake-up call, encouraging them to confront the damage it's doing to both their health and their finances.

The City of Bismarck strongly supports HB 1570 as it would improve public health outcomes by increasing the price of tobacco products and establishing a dedicated fund for behavioral health services to address the mental health challenges, including anxiety and depression, associated with tobacco addiction. Thank you for your time and consideration.

Respectfully,

Susan Kahler, Substance Abuse Prevention Coordinator, City of Bismarck  
[skahler@bismarcknd.gov](mailto:skahler@bismarcknd.gov) | 701.355.1597





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## **Testimony of Jodi Radke, Regional Advocacy Director, Campaign for Tobacco-Free Kids**

### **IN SUPPORT OF HB 1570 February 11, 2025**

On behalf of the Campaign for Tobacco-Free Kids, I am submitting this written testimony to the House Finance and Taxation Committee in support of the tobacco tax increase in HB 1570, which raises the cigarette tax by \$1.09 per pack and closes loopholes to effectively tax all other tobacco products in North Dakota. This is a tremendous opportunity to reduce tobacco use and dramatically improve health, while at the same time reducing health care costs, making our workforce healthier and more productive, and raising revenue for vital programs here in North Dakota. I want to highlight the projected benefits to the state from the proposed cigarette tax increase, as well as more general benefits from a tobacco tax increase, and then address some of the claims you may hear from the opposition.

At only 44 cents per pack, North Dakota's cigarette tax hasn't been raised since 1993 and ranks near dead last among all states – 49th in the country – and much lower than the average state cigarette tax of \$1.97 per pack. During that time, the price of cigarettes in North Dakota has increased by 310% due to company price increases and inflation, while the tax has remained the same: back in 1993, the 44-cent tax was 24% of the retail price (\$1.80), but in 2023 (most recent available), the current tax only makes up 6% of the retail price (\$7.395).<sup>1</sup>

Since North Dakota's last cigarette tax increase over 30 years ago, most states – 48 and DC – have increased their cigarette taxes, with 39 states and DC increasing their cigarette tax multiple times since then. We are being left behind as other states modernize their tobacco taxes to address the array of new tobacco and nicotine products that directly target our kids. The proposed \$1.09 per pack cigarette tax increase will bring North Dakota up to South Dakota's cigarette tax rate of \$1.53 per pack.

Very simply, raising the tobacco tax is a win-win for North Dakota. It's a win for health because it will reduce tobacco use and its devastating health effects. This is why we support the tobacco tax. It's also a win for the state economy because it will lower health care costs through reductions in tobacco use and, despite declines in consumption, it will raise revenues.

### **Health WIN**

Despite declines in tobacco use over the years, tobacco use still exacts a heavy toll on North Dakota today. Tobacco use takes the life of 1,000 of your fellow North Dakotans – your mothers, fathers, brothers, sisters, friends, and other loved ones – every year.<sup>2</sup>

This horrible toll will continue unless we act aggressively. Without action, many kids in North Dakota will become regular daily smokers and are risking a lifetime of associated health problems and premature death.<sup>3</sup>

By raising the state's tobacco tax by a significant amount, at least by \$1.09 per pack, North Dakota *will* reduce smoking, and all its related harms, especially among kids. Closing loopholes in the tax on other tobacco products will further drive down tobacco use, particularly among the trendy products that are attracting our kids. While we may not intuitively believe that \$1.09 is enough to make a difference to today's kids, who seem to have more money than any of us ever did as teenagers, the data simply do not lie. When tobacco product prices go up significantly, tobacco use goes down, especially among kids.

The science could not be clearer. Based on over 100 studies, experts have concluded that raising tobacco taxes is one of the most effective measures we can take to reduce smoking.<sup>4</sup> The 2014 Surgeon



General's Report, *The Health Consequences of Smoking—50 Years of Progress*, found that "Raising prices on cigarettes is one of the most effective tobacco control interventions."<sup>5</sup> In addition, Wall Street tobacco analysts and even the tobacco companies agree with the National Cancer Institute, the CDC, the Institute of Medicine of the National Academy of Sciences and the World Bank in finding that raising tobacco prices reduces tobacco use.<sup>6</sup>

Now there aren't too many things that health advocates and the tobacco companies agree on, but this is one. And that's why health groups like mine, along with the American Cancer Society, the American Heart Association, the American Lung Association, and many others, support the tobacco tax increase and why the tobacco companies oppose it.

Based on a model developed by health economist Dr. Frank Chaloupka, the Campaign for Tobacco-Free Kids, and the American Cancer Society Cancer Action Network, a \$1.09 increase in North Dakota's cigarette tax is projected to prevent 500 kids from becoming addicted smokers, encourage 1,700 adults who smoke to quit, and prevent 400 smoking-caused premature deaths.

Small tax increases of much less than a dollar per pack aren't large enough to make an impact on health because tobacco companies spend billions of dollars each year to nullify such small increases with price discounts and other promotions.<sup>7</sup> For instance, after Louisiana's 50-cent cigarette tax increase in 2015, cigarettes were being sold in that state with 50-cent coupons attached right on the packs.

It's also important to adjust the tax on other tobacco products when the cigarette tax is raised to make these addictive products less affordable by kids. Nowadays there's a huge array of candy-flavored nicotine, like e-cigarettes and nicotine pouches, that are fueling North Dakota's youth nicotine and tobacco problem. Keeping prices on these products high will keep them away from our kids. It's time for North Dakota to close that loophole and tax all tobacco products.

Some people may argue that we need to keep prices on certain products lower than others, but the truth is that the data aren't out there to show how much less harmful certain products might be compared to others. But what we do know is that any form of nicotine is bad for our kids – it's highly addictive, can harm adolescent brain development, and affect memory and learning. We have a shared responsibility to keep these dangerous and addictive products away from children. We should make sure that the prices of all tobacco products – through a tax increase – are high enough to keep them out of kids' hands.

These tremendous gains in health from a tax increase will be further enhanced if North Dakota dedicates some portion of the new revenues to tobacco prevention and cessation efforts. The latest Surgeon General's Report noted, "A cigarette tax increase may have the greatest impact on reducing tobacco use when the tax increase is large and combined with comprehensive cessation support."<sup>8</sup> States that have invested in comprehensive tobacco prevention and cessation programs have reduced tobacco use at rates far greater than the rest of the country, and these declines are in addition to those caused by tobacco price increases.

### **Economic WIN**

The resulting reductions in tobacco use will benefit North Dakota's economy by reducing health care costs and raising revenue.

Tobacco-related diseases amount to \$379 million in direct health care costs in North Dakota each year, much of it borne by taxpayers.<sup>9</sup> Whether they smoke or not, each household in the state pays \$910 per year to cover these tobacco-related health care costs. Reducing tobacco use through a significant tobacco tax increase like the proposed \$1.09 increase will have a considerable impact on decreasing the heavy economic toll of tobacco in this state.

In the first five years after the tax increase, the state would save more than \$850,000 in health care costs from treating fewer cases of smoking-caused lung cancer, heart attacks, strokes, and the effects of smoking during pregnancy. In addition, more than \$28.6 million in health care cost savings will accrue

over the lifetime of those prevented from becoming smokers and those who quit from the tax increase. Investing in cessation and prevention programs would amplify those savings.

In addition, reducing tobacco use among North Dakotans means a healthier work force. In North Dakota, productivity losses from smoking-caused premature death or illnesses that impact the ability to work (i.e., absenteeism, non-productivity at work, and inability to work due to disability) amounts to over \$715 million per year.<sup>10</sup> Businesses considering starting or expanding here are looking for a healthy workforce to keep health care costs low, so tobacco use is an economic development issue as well.

Aside from the health impact, there is another reason that states continue to increase their tobacco taxes. Even with the declines in tobacco use that occur as a result, substantial tobacco tax increases always result in significant revenue for the state. Simply put, every state that has raised its tobacco tax significantly has seen revenues increase dramatically even as consumption declines.

The proposed \$1.09 per pack increase in North Dakota's cigarette tax is projected to raise over \$24 million in new revenue for the state in the first year. This estimate takes into account reductions in smoking, as well as any tax avoidance, as a result of the tax increase. Closing loopholes in the taxes on other tobacco products will generate even more new revenue and benefits.

There are countless examples of higher revenues after tobacco tax increases from states all over the country. Since North Dakota's 1993 increase, 22 states and Washington, DC, increased their cigarette tax rates by \$1.00 per pack or higher: California, Colorado, Connecticut, Florida, Illinois, Iowa, Maine, Maryland, Massachusetts, Minnesota, Montana, Nevada, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Washington state, and Wisconsin. Four of the states, Illinois, Maryland, Massachusetts, New York, and DC increased their tax rates by at least \$1.00 per pack *more than once* during that period. These states vary in size, region, and circumstance, but each gained tremendous health benefits and millions in new revenue, in addition to reductions in tobacco use.

As expected, revenues from tobacco taxes will decline over time, which is a good thing because that means fewer people are using tobacco products. These declines will be predictable, allowing states plan accordingly. North Dakota's cigarette tax revenue rose after the rate increase at the beginning of FY 1994 and have remained, for the most part, at the higher level of revenue. The bigger declines in more recent years reflect investments in national media campaigns such as the CDC's national media campaign, *Tips from Former Smokers*, and the FDA's *Real Cost* media campaign aimed at youth, that have helped drive down smoking rates across the country, and increased use of alternative tobacco products.

As mentioned earlier, the gains in health care cost savings due to reductions in tobacco use will offset declines in tobacco tax revenue over time. After the initial increase in North Dakota's revenues following the \$1.09 cigarette tax increase, we would again expect revenues to decline as more people quit or cut back over time.

### **Opposition Arguments**

As you debate this issue, you will hear a lot of talk about cigarette smuggling, or how smokers will avoid the new tax through cross-border sales, which opponents argue will lead to lost business, higher unemployment, and substantial amounts of new revenue for the states bordering North Dakota. Of course, these claims are overblown.

*Cross-Border Sales.* We do not pretend that tax avoidance is non-existent. Indeed, there will be some who try to avoid paying the increased tax. But while some of this will occur, tax avoidance will be nominal, short-lived for most, and will not come anywhere near offsetting the tremendous benefits of the tobacco tax increase.

The tobacco industry and its allies will no doubt be pushing this message to oppose this tax increase. For instance, the Mackinac Center for Public Policy and the Tax Foundation has issued annual reports claiming to quantify the level of illegal cigarette sales across state borders. There are many reasons to be skeptical of these claims. Both groups have a long history of receiving funding from tobacco companies

such as Altria (the makers of Marlboro cigarettes), so it's no surprise that they would release something that reflects the position of their funders. In fact, the National Research Council and Institute of Medicine comprehensively reviewed the evidence on tobacco smuggling in the U.S. and found that "industry-sponsored estimates of the size of the illicit market tend to be inflated. More generally, concerns have been raised about the quality and transparency of industry-funded research on the illicit tobacco trade."<sup>11</sup>

When you hear claims of smuggling, tax evasion and potential for lost revenues, look at the dozens of tax increases over the years and the data showing how much revenue the state received before and after the cigarette tax increases. Time and time again you will see that the state that raises its tobacco tax does better than a neighboring state that does not.

In the 12 months following its 1993 cigarette tax increase, North Dakota's cigarette tax revenue increased by 42.5 percent compared to the 12 months before the increase. Meanwhile, revenue decreased in Montana and increased by small amounts in South Dakota (\$889,000) and Minnesota (\$4,000) during that period.<sup>12</sup>

This has happened over and over again with other states. After South Dakota's \$1.00 per pack cigarette tax increase in 2007, its cigarette tax revenue increased by 115.4 percent (\$31.8 million), while revenue declined in North Dakota and Minnesota, and increased slightly in Montana (\$1.9 million), Nebraska (\$4.7 million), and Wyoming (\$2.0 million). Iowa's revenue increased significantly during that period, but that was because Iowa itself had increased its cigarette tax rate a few months after South Dakota's increase.<sup>13</sup>

After its \$1.00 per pack cigarette tax increase in 2018, Oklahoma's cigarette tax revenues increased by 45 percent (\$104.1 million) while cigarette tax revenues declined in all of its surrounding states, including in Missouri, where the cigarette tax is only 17 cents per pack compared to Oklahoma's \$2.03 per pack.<sup>14</sup>

Based on these examples, it's clear that the state that increases its tobacco taxes is reducing smoking, saving lives, and lowering health care costs, all while increasing revenue, while neighboring states will have only minimal revenue gains, if any, and even fewer health gains.

To protect your revenues and minimize tax evasion, the state can implement several proven measures, such as adopting new tax stamp technology and increasing enforcement, which will help minimize any tax evasion and maximize revenue.

*Impact on Businesses and Employment.* The opposition claims that stores will lose substantial revenue and be forced to close as a result of any tax increase, published research shows just the opposite. A national report looking at over 20 years of data in the U.S. found that while cigarette sales have declined, the number of convenience stores, inside-store sales revenues, cigarette sales revenues, and profits have all generally increased.<sup>15</sup> These findings are consistent with a large body of research that shows that policies that reduce tobacco use do not have a negative impact on the economy, including on the number of convenience stores and tobacco retailers.<sup>16</sup>

When people stop purchasing tobacco products, they will continue to buy other products in the state, which contribute to the state's economy, including profits for small businesses. For instance, a pack-a-day smoker in North Dakota can use the \$3,000 per year they would have spent on cigarettes for other purchases or services in the state.<sup>17</sup>

And, as mentioned earlier, smoking takes a huge toll on productivity in this state. Lowering tobacco use with the tobacco tax increase can ensure a stronger workforce to attract more business to North Dakota.

*Impact on Lower-Income Populations.* Those who tell you that a tobacco tax increase is regressive somehow ignore the fact that tobacco itself exacts a disproportionate toll on the health of lower income families – that is what's regressive. The higher smoking rates among lower-income groups means they suffer disproportionately more from smoking and pay more in health care costs. Former Secretary of the U.S. Treasury, and co-chair of the Task Force on Fiscal Policy for Health, Larry Summers, stated, "An ethical judgment about taxing harmful products cannot rely on the question of tax regressivity alone."

Rather, it requires consideration of all the effects, including the associated health benefits, externalities, and health-care costs.”<sup>18</sup>

Economic studies and reports from the CDC, the National Cancer Institute, the World Health Organization, and the International Agency for Research, show that lower-income smokers are price-sensitive and more likely to quit smoking in response to a price increase than higher-income smokers.<sup>19</sup> The latest Surgeon General’s Report concluded, “The evidence is sufficient to conclude that increases in tobacco product prices will reduce tobacco use to a greater extent among people of lower SES than they do for people of higher SES.”<sup>20</sup> That is a major benefit for low-income families.

In addition to encouraging more smokers to quit, the \$1.09 per pack cigarette tax increase will save the state \$320,000 in smoking-caused Medicaid costs over five years.

Remember, this is the industry that said, “We don’t smoke that s\_\_\_. We just sell it. We reserve the right to smoke for the young, the poor, the black and stupid.”<sup>21</sup> The tobacco industry heavily targets their products to vulnerable low-income Americans to get them addicted to these deadly products and then tries to claim that they’re looking out for them. In a 2015 report, Wall Street analysts celebrated the tobacco industry’s opportunities to “drive” tobacco sales among those they call “lower-income consumers – i.e. the tobacco consumer.”<sup>22</sup> It is hypocritical for the tobacco industry to claim that they oppose tobacco tax increases out of concern for the lower income population, while at the same time targeting them to increase sales and maximize profits.

### **How many reasons do we need to raise the tobacco tax?**

This is indeed a great opportunity to select the proposal that will yield the greatest benefit, by increasing the tobacco tax by \$1.09 per pack. While you are making many difficult decisions for North Dakota, this should be an easy one. How many times are you presented with a proposal that will improve our health, save thousands of lives without costing a penny, save our health care costs and raise revenue?

How many reasons do we need to raise the tobacco tax by \$1.09 per pack?

- Is it 500 – the number of kids whom the tax increase will keep from becoming smokers?
- Is it \$28.6 million – the amount of health care cost savings from reducing tobacco use?

Because our opponents know that increasing the tobacco tax is good for North Dakota and bad for tobacco sales, they will make up or exaggerate reasons to oppose it. Those who tell you it won’t reduce tobacco use are ignoring the science and the conclusions of experts all over the world. Those who tell you it won’t raise revenue are denying the real-world experience of every single state that has significantly increased its tobacco tax.

The bottom line is that a significant tobacco tax increase is a health win and an economic win. The difference between us and the industry (and its allies) is that we think reducing tobacco use is a good thing, while the industry thinks it’s bad.

It’s time to take a big step towards making North Dakota “the healthiest state in the nation” by significantly raising the tobacco tax. North Dakotans deserve no less.

Thank you.

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<sup>1</sup> Orzechowski & Walker, *The Tax Burden on Tobacco*, 2023 [an industry-funded report].

<sup>2</sup> U.S. Centers for Disease Control and Prevention (CDC), *Best Practices for Comprehensive Tobacco Control Programs—2014*, <https://www.cdc.gov/tobacco/stateandcommunity/guides/pdfs/2014/comprehensive.pdf>.

<sup>3</sup> Estimate based on U.S. Dept of Health & Human Services (HHS), “Results from the 2023 National Survey of Drug Use and Health: Summary of National Findings and Detailed Tables,” with the state share of the national number estimated proportionally based on the projected number of youth smokers ages 0-17 reported in U.S. Department of Health and Human Services (HHS), *The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General*, 2014, [https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf\\_NBK179276.pdf](https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf_NBK179276.pdf).

<sup>4</sup> See, e.g., Chaloupka, FJ, "Macro-Social Influences: The Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products," *Nicotine and Tobacco Research* 1(Suppl 1):S105-9, 1999; Tauras, J, "Public Policy and Smoking Cessation Among Young adults in the United States," *Health Policy* 6:321-32, 2004; Tauras, J, et al., "Effects of Price and Access Laws on Teenage Smoking Initiation: A National Longitudinal Analysis," *Bridging the Gap Research, ImpacTeen*, April 24, 2001. Chaloupka, FJ & Pacula, R, *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; Emery, S, et al., "Does Cigarette Price Influence Adolescent Experimentation?," *Journal of Health Economics* 20:261-270, 2001; Evans, W & Huang, L, *Cigarette Taxes and Teen Smoking: New Evidence from Panels of Repeated Cross-Sections*, working paper, April 15, 1998; Harris, J & Chan, S, "The Continuum-of-Addiction: Cigarette Smoking in Relation to Price Among Americans Aged 15-29," *Health Economics Letters* 2(2):3-12, February 1998, <http://www.mit.edu/people/jeffrey/HarrisChanHEL98.pdf>. U.S. Department of Health and Human Services (HHS), *Reducing Tobacco Use: A Report of the Surgeon General*, Atlanta, Georgia: HHS, CDC, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2000, <https://archive.cdc.gov/www.cdc.gov/tobacco/sgr/2000/index.htm>. HHS, *The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General*, Atlanta, GA: HHS, CDC, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014, [https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf\\_NBK179276.pdf](https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf_NBK179276.pdf). See also, Campaign for Tobacco-Free Kids (CTFK), *Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (and the Cigarette Companies Know It)*, <http://www.tobaccofreekids.org/research/factsheets/pdf/0146.pdf>.

<sup>5</sup> HHS, *The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General*, 2014. Additional statements in support of tobacco tax increases are attached to this testimony and are also available at CTFK factsheet, *Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (and the Cigarette Companies Know It)*, <https://assets.tobaccofreekids.org/factsheets/0146.pdf> and CTFK factsheet, *Excerpts from the 2012 & 2014 Surgeon General's Reports Supporting Tobacco Tax Increases*, <https://assets.tobaccofreekids.org/factsheets/0372.pdf>.

<sup>6</sup> National Cancer Institute, World Health Organization, *The Economics of Tobacco and Tobacco Control*, Monograph 21, 2016, <https://cancercontrol.cancer.gov/brp/tcrb/monographs/monograph-21>. Institute of Medicine (IOM), *Ending the tobacco problem: A blueprint for the nation*, Washington, DC: The National Academies Press, 2007, <https://nap.nationalacademies.org/catalog/11795/ending-the-tobacco-problem-a-blueprint-for-the-nation>. IOM, *Taking Action to Reduce Tobacco Use*, Washington, DC: National Academy Press, 1998, <https://nap.nationalacademies.org/catalog/6060/taking-action-to-reduce-tobacco-use>. World Health Organization (WHO), *WHO technical manual on tobacco tax policy and administration*, 2021, <https://www.who.int/publications/i/item/9789240019188>. The World Bank, *Curbing the Epidemic: Governments and the Economics of Tobacco Control*, May 1999, <https://documents1.worldbank.org/curated/en/914041468176678949/pdf/multi-page.pdf>. See also, CTFK, *Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (and the Cigarette Companies Know It)*, <http://www.tobaccofreekids.org/research/factsheets/pdf/0146.pdf>.

<sup>7</sup> See CTFK factsheet, *Significant Tobacco Tax Increases Reduce Tobacco Use, Particularly among Youth, Despite Tobacco Company Price Discounts and Promotional Efforts*, <https://assets.tobaccofreekids.org/factsheets/0402.pdf>.

<sup>8</sup> HHS, *Eliminating Tobacco-Related Disease and Death: Addressing Disparities—A Report of the Surgeon General*, Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2024, at 598, <https://www.hhs.gov/sites/default/files/2024-sgr-tobacco-related-health-disparities-full-report.pdf>.

<sup>9</sup> CDC, *Best Practices for Comprehensive Tobacco Control Programs—2014*, <https://www.cdc.gov/tobacco/stateandcommunity/guides/pdfs/2014/comprehensive.pdf>.

<sup>10</sup> CDC, *Best Practices for Comprehensive Tobacco Control Programs*, 2014; CDC, *Smoking Attributable Mortality, Morbidity and Economic Costs (SAMMEC)*, <https://archive.cdc.gov/#/details?url=https://www.cdc.gov/statesystem/HealthConsequencesandCosts.html>; Shrestha, SS, et al., "Cost of Cigarette Smoking—Attributable Productivity Losses, U.S., 2018," *American Journal of Preventive Medicine* 63(4):478-485, 2022.

<sup>11</sup> National Research Council (NRC) & Institute of Medicine (IOM), *Understanding the U.S. Illicit Tobacco Market: Characteristics, Policy Context, and Lessons from International Experiences*, Committee on the Illicit Tobacco Market: Collection and Analysis of the International Experience, P. Reuter and M. Majumdar, Eds. Committee on Law and Justice, Division of Behavioral and Social Sciences and Education. Board on Population Health and Public Health Practice, Institute of Medicine. Washington, DC: The National Academies Press, 2015, <https://www.nap.edu/catalog/19016/understanding-the-us-illicit-tobacco-market-characteristics-policy-context-and>.

<sup>12</sup> Data from Orzechowski & Walker, *The Tax Burden on Tobacco* monthly reports [an industry-funded report].

<sup>13</sup> Data from Orzechowski & Walker, *The Tax Burden on Tobacco* monthly reports [an industry-funded report].

<sup>14</sup> Data from Orzechowski & Walker, *The Tax Burden on Tobacco*, 2023 [an industry-funded report].

<sup>15</sup> Tauras, JA & Chaloupka, FJ, *The Economic Effects of Cigarette Sales and Flavor Bans on Tobacco Retail Businesses*, *Tobacconomics*, 2023, <https://www.economicsforhealth.org/research/the-economic-effects-of-cigarette-sales-and-flavor-bans-on-tobacco-retail-businesses/>.

<sup>16</sup> Warner, K, et al., "Employment implications of declining tobacco product sales for the regional economies of the United States," *Journal of the American Medical Association (JAMA)* 275(16):1241-6, April 24, 1996. Warner, K, "Implications of a nicotine-free society," *Journal of Substance Abuse* 1(3):359-68, 1989. Warner, K & Fulton, G, "The economic implications of tobacco product sales in a non-tobacco state," *JAMA* 271(10):771-6, March 9, 1994. Golden, SD, et al., "Trends in the Number and Type of Tobacco Product Retailers, United States, 2000-2017," *Nicotine & Tobacco Research* 24(1):77-84, 2022. Huang, J & Chaloupka, FJ, "The Economic Impact of State Cigarette Taxes and Smoke-free Air Policies on Convenience Stores," *Tobacco Control* 22(2):91-6, 2013. Ribisl, KM, Evans, WN, & Feighery, EC, "Falling cigarette consumption in the U.S. and the impact upon tobacco retailer employment," in Bearman, P, Neckerman, K, & Wright, L, eds. *Social and Economic Consequences of Tobacco Control Policy*, New York: Columbia University Press, 2011.

<sup>17</sup> CTFK, *Immediate Smoker Savings from Quitting in Each State*, <https://assets.tobaccofreekids.org/factsheets/0337.pdf>.

<sup>18</sup> Summers, LH, "Taxes for health: evidence clears the air," *The Lancet*, published online April 4, 2018, [http://dx.doi.org/10.1016/S0140-6736\(18\)30629-9](http://dx.doi.org/10.1016/S0140-6736(18)30629-9).

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<sup>19</sup> CTFK, *Tobacco Tax Increases Benefit Lower-Income Smokers & Families*, <https://assets.tobaccofreekids.org/factsheets/0147.pdf>. See also, 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, <http://www.cdc.gov/mmwr/preview/mmwrhtml/00054047.htm>.

<sup>20</sup> HHS, *Eliminating Tobacco-Related Disease and Death: Addressing Disparities—A Report of the Surgeon General*, 2024, at 717.

<sup>21</sup> Giovanni, J, "Come to Cancer Country; USA; Focus," *The Times of London*, August 2, 1992 [quoting Dave Goerlitz, RJ Reynolds' lead Winston model for seven years, re what an R.J. Reynolds executive replied to him when Goerlitz asked why the executive did not smoke].

<sup>22</sup> Wells Fargo Securities, "Tobacco Talk"—Q4 U.S. Retailer Survey, January 27, 2015.



## RAISING CIGARETTE TAXES REDUCES SMOKING, ESPECIALLY AMONG KIDS (AND THE CIGARETTE COMPANIES KNOW IT)

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Based on a comprehensive review of evidence, the Surgeon General has called raising prices on cigarettes “one of the most effective tobacco control interventions” because increasing price is proven to reduce smoking, especially among kids.<sup>1</sup> However, the cigarette companies have opposed tobacco tax increases by arguing that raising cigarette prices would not reduce adult or youth smoking. But the companies’ internal documents, disclosed in the tobacco lawsuits, show that they know very well that raising cigarette prices is one of the most effective ways to prevent and reduce smoking, especially among kids. The World Health Organization stated it succinctly, “Tobacco taxes work. This is why the industry invests so much money and effort in blocking large tax increases and other effective tax policy reforms.”<sup>2</sup>

- Philip Morris: *Of all the concerns, there is one - taxation - that alarms us the most. While marketing restrictions and public and passive smoking [restrictions] do depress volume, in our experience taxation depresses it much more severely. Our concern for taxation is, therefore, central to our thinking . . .*<sup>3</sup>
- Philip Morris: *When the tax goes up, industry loses volume and profits as many smokers cut back.*<sup>4</sup>
- RJ Reynolds: *If prices were 10% higher, 12-17 incidence [youth smoking] would be 11.9% lower.*<sup>5</sup>
- Philip Morris: *It is clear that price has a pronounced effect on the smoking prevalence of teenagers, and that the goals of reducing teenage smoking and balancing the budget would both be served by increasing the Federal excise tax on cigarettes.*<sup>6</sup>
- Philip Morris: *Jeffrey Harris of MIT calculated . . . that the 1982-83 round of price increases caused two million adults to quit smoking and prevented 600,000 teenagers from starting to smoke . . . We don't need to have that happen again.*<sup>7</sup>
- Philip Morris: *A high cigarette price, more than any other cigarette attribute, has the most dramatic impact on the share of the quitting population . . . price, not tar level, is the main driving force for quitting.*<sup>8</sup>

[For more on cigarette company documents and price/tax increases see the 2002 study in the *Tobacco Control* journal, “Tax, Price and Cigarette Smoking: Evidence from the Tobacco Documents.”<sup>9</sup>]

The cigarette companies have even publicly admitted the effectiveness of tax increases to deter smoking in their required filings with the U.S. Securities and Exchange Commission.

- Philip Morris: *Tax increases are expected to continue to have an adverse impact on sales of tobacco products by our tobacco subsidiaries, due to lower consumption levels.*... [10-Q Report, November 3, 2008]
- Lorillard Tobacco: *We believe that increases in excise and similar taxes have had an adverse impact on sales of cigarettes. In addition, we believe that future increases, the extent of which cannot be predicted, could result in further volume declines for the cigarette industry, including Lorillard Tobacco.*... [10-Q Report, November 4, 2008]
- R.J. Reynolds: *Together with manufacturers' price increases in recent years and substantial increases in state and federal taxes on tobacco products, these developments have had and will likely continue to have an adverse effect on the sale of tobacco products.* [10-Q Report, October 24, 2008]

Or, as the Convenience Store News put it: “It’s not a hard concept to grasp -- as taxes on cigarettes goes up, sales of cigarettes go down.”<sup>10</sup>

**Economic Research Confirms That Cigarette Tax Increases Reduce Smoking.** Numerous economic studies in peer-reviewed journals have documented that cigarette tax or price increases reduce both adult and underage smoking. The general consensus is that nationally, every 10 percent increase in the real price of cigarettes reduces adult smoking by about two percent, reduces smoking among young adults by about 3.5 percent, reduces the number of kids who smoke by six or seven percent, and reduces overall cigarette consumption by approximately three to five percent.<sup>11</sup> Research studies have also found that:

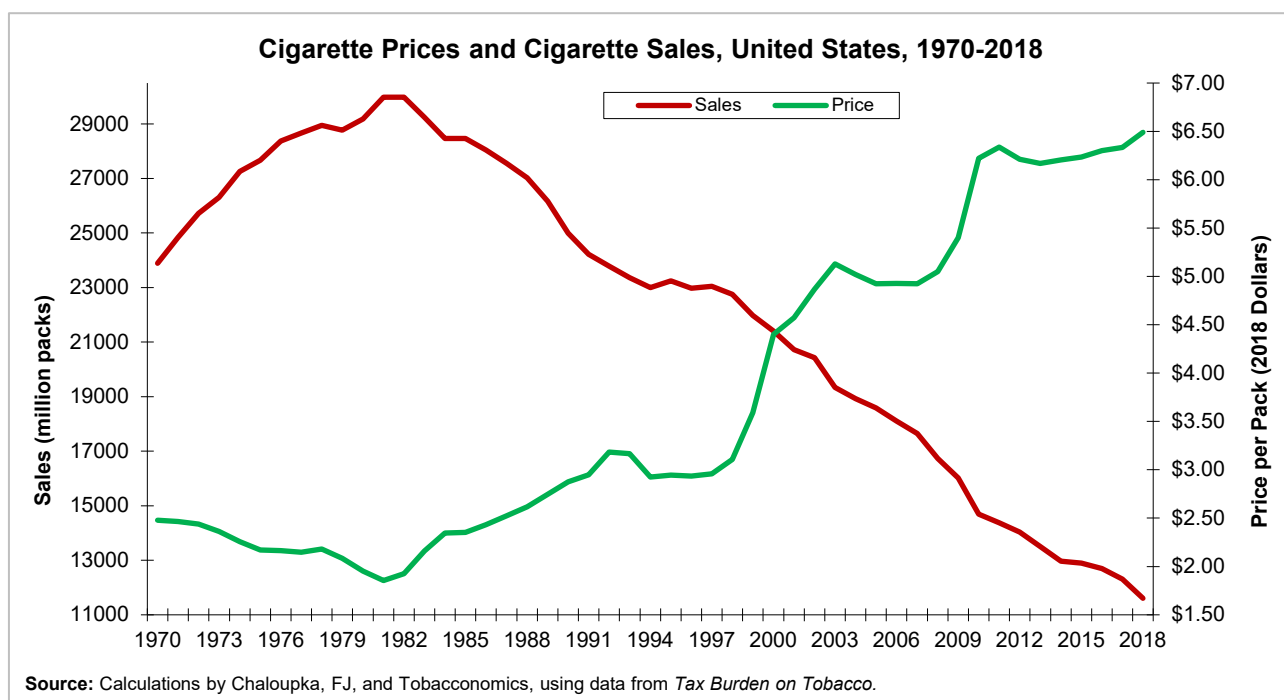
- Cigarette price and tax increases work even more effectively to reduce smoking among Blacks, Hispanics, and lower-income smokers.<sup>12</sup>



- A cigarette tax increase that raises prices by ten percent will reduce smoking among pregnant women by seven percent, preventing thousands of spontaneous abortions and still-born births, and saving tens of thousands of newborns from suffering from smoking-affected births and related health consequences.<sup>13</sup>
- Higher taxes on smokeless tobacco reduce its use, particularly among young males; and increasing cigar prices through tax increases reduce adult and youth cigar smoking.<sup>14</sup>
- By reducing smoking levels, cigarette tax increases reduce secondhand smoke exposure among nonsmokers, especially children and pregnant women.

### **Increasing Cigarette Prices and Declining Consumption**

Although there are many other factors involved, the trends in cigarette prices and overall U.S. cigarette consumption from 1970 to 2017 show that there is a strong correlation between increasing prices and decreasing consumption.



While U.S. cigarette prices are largely controlled by the tobacco companies' price-setting decisions, increases in federal and state cigarette taxes also impact prices. Since 1970, the federal tax on cigarettes increased from eight cents to \$1.01 per pack, with the largest one-time increase of 61.66 cents per pack occurring in 2009. Meanwhile, the average state cigarette tax has increased from 10 cents to \$1.97 per pack today. Without these federal and state tax increases, U.S. cigarette prices would be much lower and U.S. smoking levels would be much higher.

**2009 Federal Experience.** After the 2009 federal tobacco tax increase passed, calls to the national quitline (1-800-QUITNOW), which provides assistance to people who want to quit, increased by 30 percent in the 12 months after the increase compared to the 12 months before.<sup>15</sup> In 2009, national pack sales declined by 8.3 percent— the largest one-year decline since 1932.

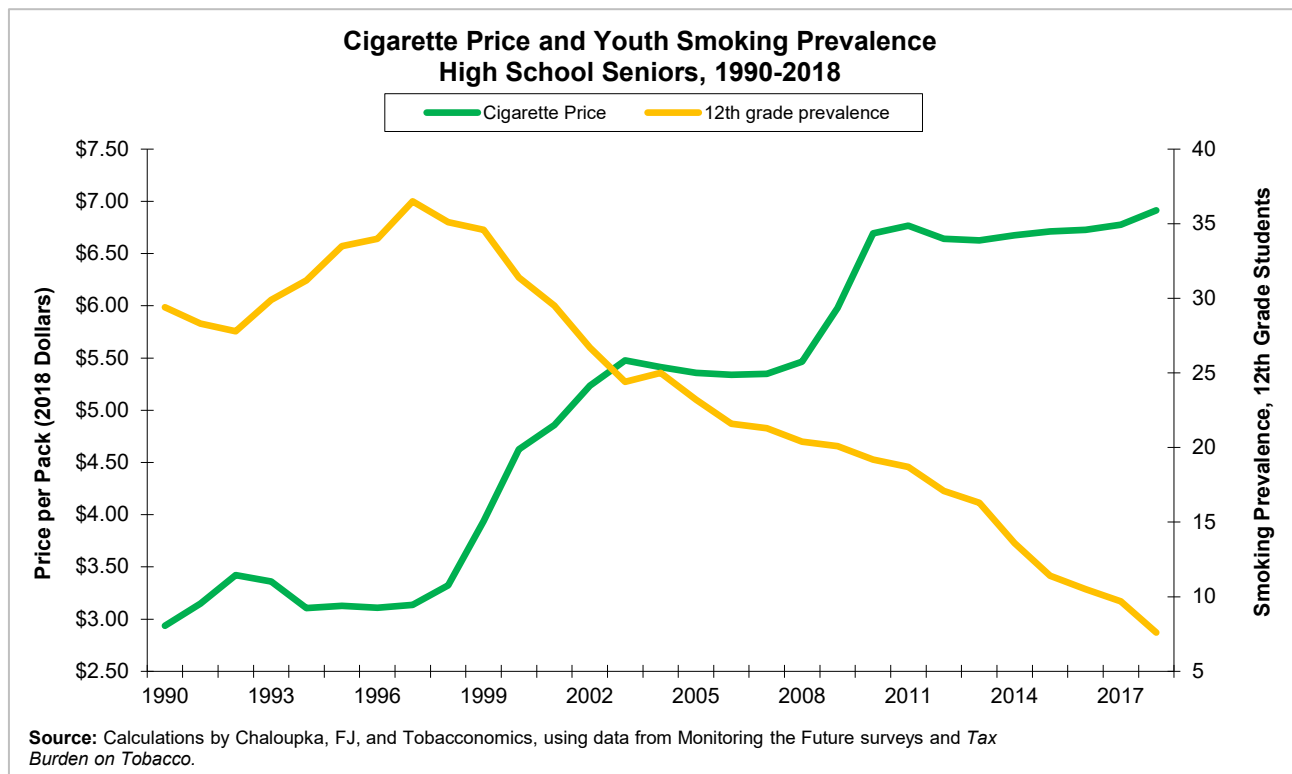
**State Experiences.** In every single state that has significantly raised its cigarette tax rate, pack sales have gone down sharply.<sup>16</sup> While some of the decline in pack sales comes from interstate smuggling and from smokers going to other lower-tax states to buy their cigarettes, reduced consumption from smokers quitting and cutting back plays a more powerful role. As shown above, nationwide data — which count both legal in-state purchases and packs purchased through cross-border, Internet, or smuggled sales — show that overall packs sales go down as state cigarette tax increases push up the average national price.

Data show that state cigarette tax increases are prompting many smokers to quit or cutback. For example, after Oklahoma's \$1.00 per pack cigarette tax increase went into effect on July 1, 2018, its Tobacco Helpline



saw an 85 percent increase in registrations in the first month compared to the same period the year before.<sup>17</sup> Similarly, Wisconsin Quit Line received a record-breaking 20,000 calls in the first two months after its \$1.00 per cigarette pack increase (it typically receives 9,000 calls per year).<sup>18</sup> Likewise, in Texas and Iowa, which each increased their cigarette taxes by \$1.00 in 2007, the number of calls to the state quitlines were much higher compared to the year before.<sup>19</sup> It is also clear that these efforts to quit by smokers after tax increases translate directly into lower future smoking rates. In Washington state, for example, adult smoking from the year before its 60-cent cigarette tax increase in 2002 to the year afterwards declined from 22.6 to 19.7 percent, reducing the number of adult smokers in the state by more than 100,000, despite overall population increases.<sup>20</sup>

**Prices and Youth Smoking Rates.** The chart below shows the association between youth smoking prevalence and cigarette pack prices. As prices climbed in the late 1990s and early 2000s, youth smoking rates declined, but as the price decreased between 2003 and 2005 (along with funding for tobacco prevention programs in many states), youth rates increased. The large federal tobacco tax increase in 2009, as well as other state tax increases, helped drive further declines in youth smoking rates.



Researchers found that the 61.66-cent federal cigarette tax rate increase on April 1, 2009 had a substantial and immediate impact on youth smoking. The percentage of students who reported smoking in the past 30 days dropped between 9.7 percent and 13.3 percent immediately following the tax increase, resulting in an estimated 220,000 to 287,000 fewer current smokers among middle and high school students in May 2009.<sup>21</sup>

### **Expert Conclusions on Cigarette Prices and Smoking Levels**

- The 2024 Surgeon General's Report, *Eliminating Tobacco-Related Disease and Death: Addressing Disparities*, concluded, "The evidence is sufficient to conclude that increases in tobacco product prices will reduce tobacco use to a greater extent among people of lower SES than they do for people of higher SES. Youth are especially price-sensitive, and price increases could help reduce tobacco use among people from all population groups at the age when they are most likely to begin smoking."<sup>22</sup>
- The World Health Organization (WHO)'s 2021 *Technical Manual on Tobacco Tax Policy and Administration* stated, "The evidence is clear: significant increases in excise taxes that lead to price increases have consistently proven to be the most effective, as well as the most cost-effective, mechanism for reducing tobacco consumption."<sup>23</sup>

- The National Cancer Institute (NCI) and WHO concluded in their 2017 report, *The Economics of Tobacco and Tobacco Control*, “A substantial body of research, which has accumulated over many decades and from many countries, shows that significantly increasing the excise tax and price of tobacco products is the single most consistently effective tool for reducing tobacco use. Significant increases in tobacco taxes and prices reduce tobacco use by leading some current users to quit, preventing potential users from initiating use, and reducing consumption among current users.”<sup>24</sup>
- The 2014 Surgeon’s General Report recommends increasing tobacco taxes to reduce or prevent tobacco use. Specifically, the report states, “Evidence shows that large tax and, hence, price increases will decrease tobacco use each time they are implemented.”<sup>25</sup>
- In November 2012, the Community Preventive Services Task Force, under the U.S. Department of Health and Human Services, completed a thorough review of recent evidence on the effectiveness of tobacco product price increases, including increasing tobacco taxes. Based on that work, the Task Force “recommends interventions that increase the unit price of tobacco products based on strong evidence of effectiveness in reducing tobacco use. Evidence is considered strong based on findings from studies demonstrating that increasing the price of tobacco products: Reduces the total amount of tobacco consumed; Reduces the prevalence of tobacco use; Increases the number of tobacco users who quit; Reduces initiation of tobacco use among young people; Reduces tobacco-related morbidity and mortality.”<sup>26</sup>
- The 2012 Surgeon General’s report, *Preventing Tobacco Use Among Youth and Young Adults*, stated, “Federal, state, and local taxes that raise prices on tobacco products improve public health by reducing initiation, prevalence, and intensity of smoking among young people. Comprehensive reviews of the literature on the effect of price on tobacco consumption estimate a 3–5% reduction in overall cigarettes consumed as a result of a 10% increase in cigarette prices, and youth and young adults have proven to be even more responsive than adults to higher cigarette prices.”<sup>27</sup>
- In its 2007 report, *Ending the Tobacco Problem: A Blueprint for the Nation*, the National Academy of Sciences’ Institute of Medicine recommends raising cigarette taxes in states with low rates and indexing them to inflation, to reduce cigarette consumption and to provide money for tobacco control. The report states, “Tobacco excise tax revenues pose a potential funding stream for state tobacco control programs. Setting aside about one-third of the per-capita proceeds from tobacco excise taxes would help states fund programs at the level suggested by CDC.”<sup>28</sup>
- The President’s Cancer Panel’s 2007 report, *Promoting Healthy Lifestyles*, advised increasing state tobacco taxes, stating, “Increases in tobacco excise taxes, which are passed along to consumers in the form of higher tobacco product prices, have proven highly effective in reducing tobacco use by promoting cessation among current users, discouraging relapse among former users, preventing initiation among potential users, and reducing consumption among those who continue to use tobacco. These revenues also provide crucial dollars needed to fund anti-tobacco efforts.”<sup>29</sup>
- The 2000 U.S. Surgeon General’s Report, *Reducing Tobacco Use*, found that raising tobacco-product prices decreases the prevalence of tobacco use, particularly among kids and young adults, and that tobacco tax increases produce “substantial long-term improvements in health.” From its review of existing research, the report concluded that raising tobacco taxes is one of the most effective tobacco prevention and control strategies.<sup>30</sup>
- Wall Street tobacco industry analysts have long recognized the powerful role increased cigarette taxes and rising cigarette prices play in reducing U.S. smoking levels. For example, a December 1998 “Sensitivity Analysis on Cigarette Price Elasticity” by Credit Suisse First Boston Corporation settled on a “conservative” estimate that cigarette consumption will decline by four percent for every 10 percent increase in price.
- In its 1998 report, *Taking Action to Reduce Tobacco Use*, the National Academy of Sciences’ Institute of Medicine concluded, “the single most direct and reliable method for reducing consumption is to increase the price of tobacco products, thus encouraging the cessation and reducing the level of initiation of tobacco use.”<sup>31</sup>

**Campaign for Tobacco-Free Kids, January 22, 2025 / Ann Boonn**

More information on state tobacco taxes is available at  
[http://www.tobaccofreekids.org/facts\\_issues/fact\\_sheets/policies/tax/us\\_state\\_local/](http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/us_state_local/).

- <sup>1</sup> 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: HHS, Centers for Disease Control and Prevention (CDC), National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014, [https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf\\_NBK179276.pdf](https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf_NBK179276.pdf).
- <sup>2</sup> World Health Organization (WHO), *WHO Technical Manual on Tobacco Tax Policy and Administration*, April 2021, <https://www.who.int/publications/i/item/9789240019188>.
- <sup>3</sup> Philip Morris document, "General Comments on Smoking and Health," Appendix I in *The Perspective of PM International on Smoking and Health Initiatives*, March 29, 1985, Bates No. 2023268329/8348.
- <sup>4</sup> Ellen Merlo, Senior Vice President of Corporate Affairs, Philip Morris, 1994 draft speech to the Philip Morris USA Trade Council, January 11, 1994, Bates No. 2022811708/1755.
- <sup>5</sup> R.J. Reynolds Executive D. S. Burrows, "Estimated Change In Industry Trend Following Federal Excise Tax Increase," September 20, 1982, Bates No. 501988846/8849.
- <sup>6</sup> Philip Morris Research Executive Myron Johnston, "Teenage Smoking and the Federal Excise Tax on Cigarettes," September 17, 1981, Bates No. TA82034-TA82038.
- <sup>7</sup> Philip Morris Executive Jon Zoler, "Handling An Excise Tax Increase," September 3, 1987, Bates No. 2022216179/6180.
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- <sup>12</sup> See, e.g., 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, <http://www.cdc.gov/mmwr/preview/mmwrhtml/00054047.htm>. Chaloupka, FJ & Pacula, R, *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. Oredein, T & Foulds, J, "Causes of the Decline in Cigarette Smoking Among African American Youths From the 1970s to the 1990s," *American Journal of Public Health* e1-e11, doi:10.2105/AJPH.2011.300289, August 18, 2011.
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## EXCERPTS FROM THE 2012 AND 2014 SURGEON GENERAL'S REPORTS SUPPORTING TOBACCO TAX INCREASES

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The 2012 Surgeon General's Report, *Preventing Tobacco Use Among Youth and Young Adults*,<sup>1</sup> and the 2014 Surgeon General's Report, *The Health Consequences of Smoking—50 Years of Progress*,<sup>2</sup> reviewed the available research and found strong support for increasing tobacco taxes to reduce tobacco use. Noting that the "current rate of progress in tobacco control is not fast enough. More needs to be done," the 2014 Surgeon General's report calls for a number of specific actions, including: **"Raising the average excise cigarette taxes to prevent youth from starting smoking and encouraging smokers to quit."** (pg. 875)

### Increasing the price of tobacco products, including increasing the tax, reduces tobacco use.

Excerpts from the 2012 Surgeon General's Report:

*"Coordinated, multicomponent interventions that combine mass media campaigns, price increases including those that result from tax increases...are effective in reducing the initiation, prevalence, and intensity of smoking among youth and young adults."* (pg. 8)

*"A majority of the existing research suggests that the effects of price on smoking prevalence involve both a decrease in initiation of smoking among youth and an increase in cessation among young adults."* (pg. 707)

*"Most of the research over the past decade has concluded that increases in cigarette prices lead to reductions in the prevalence of smoking and its intensity among youth and young adults."* (pg. 707)

*"Most of the recent research has concluded that adolescents and young adults are more responsive than adults to changes in cigarette prices."* (pg. 707)

*"Federal, state, and local taxes that raise prices on tobacco products improve public health by reducing initiation, prevalence, and intensity of smoking among young people. Comprehensive reviews of the literature on the effect of price on tobacco consumption estimate a 3–5% reduction in overall cigarettes consumed as a result of a 10% increase in cigarette prices, and youth and young adults have proven to be even more responsive than adults to higher cigarette prices...."* (pg. 809-810)

*"Higher cigarette prices, including those resulting from increased excise taxes, have also been shown to increase cessation among young adults; one study (Tauras 2004) confirmed a positive relationship between cigarette prices and smoking cessation, with a 10% rise in price increasing successful cessation by young adults by an estimated 3.5%."* (pg. 810)

*"Clearly, making smokeless tobacco products available more cheaply could promote their use among price-sensitive youth. In addition, disparities in tobacco taxation (i.e., higher taxes for cigarettes than for smokeless tobacco) could result in a switch to smokeless tobacco among young males...."* (pg. 202)

*"Tobacco control policies, including higher taxes on smokeless tobacco...are effective in reducing the use of smokeless tobacco among adolescent males...."* (pg. 802)

Excerpts from the 2014 Surgeon General's Report:

*"Raising prices on cigarettes is one of the most effective tobacco control interventions."* (pg. 869)

*"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."* (pg. 827)

*"Additional price increases would accelerate progress in reducing youth and young adult rates of tobacco use."* (pg. 869)

*"Evidence shows that large tax and, hence, price increases will decrease tobacco use each time they are implemented."* (pg. 852)



The report notes that there are “evidence-based strategies that can rapidly drop youth initiation and prevalence rates down to single digits . . .” (p.872) In addition, the report reviews, “a broad range of well-defined and effective interventions proven to reduce adult smoking rates if implemented and sustained at funding levels consistent with CDC’s recommended levels.” (p.872) Among these “effective programs and policies,” is “a higher average retail price of cigarettes in the United States. Experience from across the globe suggests at least \$10 a pack in the United States.” (p.872)

*“The 2009 U.S. federal tax increase on cigarettes and subsequent tax increases at the state and local levels represent recent successes in tobacco control.” (pg. 792)*

*“In February 2009, the Children’s Health Insurance Program Reauthorization Act, Public Law 111-3, U.S. Statutes at Large 8 was signed, which included an unprecedented \$0.62 increase in the federal excise tax on cigarettes to \$1.01 per pack. This single legislative act— increasing the price of cigarettes—is projected to have reduced the number of middle and high school students who smoke by over 220,000 and the number using smokeless tobacco products by over 135,000.” (pg. 869)*

*“Increasing the federal tax for noncigarette products, implementing systems to control for tax avoidance and evasion (e.g., high-tech tax stamps and track and trace systems), shrinking the tax disparity between states and localities, and establishing a taxation system that accounts for inflation, would likely improve the impact of taxes on the prevalence of tobacco use, especially among young smokers most sensitive to price. Closing the gap in these federal tax rates would further reduce tobacco use and increase tobacco revenues at the federal level.” (pg. 792)*

*“Taxes on tobacco provide revenue to governments at a relatively low administrative cost, making these taxes especially appealing. Moreover, higher taxes have decreased consumption of tobacco products, especially cigarettes, and thereby improved public health.” (pg. 788)*

*“Five general conclusions can be drawn from these reviews (Chaloupka 2011; IARC 2011). First, increases in cigarette prices can lead to substantial reductions in cigarette smoking. The consensus estimate from the two reviews is that a 10% increase in cigarette price will result in a 3–5% reduction in overall cigarettes consumed. Second, increases in cigarette prices will decrease not only the prevalence of smoking but also the average number of cigarettes smoked by smokers. Third, much previous research on cigarette consumption among youth suggests that both youth and young adults are more responsive than adults to changes in cigarette prices, with several studies finding youth and young adults to be two to three times as responsive to changes in price as adults (see USDHHS 2012 for a complete review). Fourth, there is greater price responsiveness among lower income populations (IARC 2011). Finally, state excise tax increases create revenues for states.” (pg. 789)*

### **Dedicating revenue from tax increases to funding prevention program amplifies public health benefits.**

Excerpts from the 2012 Surgeon General's Report:

*“In addition, the combination of program activity and increases in tobacco taxes was found to reduce cigarette consumption more than would be expected from price increases alone.” (pg. 694)*

### **Industry price promotions are used to counter the impact of tobacco tax increases.**

Excerpts from the 2012 Surgeon General's Report:

*“...given the evidence on the price sensitivity of tobacco use among youth that is discussed in detail in Chapter 6, along with the evidence on the impact of tax increases on prices discussed below, it is possible that the observed reductions in smoking among youth would have been even larger had the price increases from state and federal taxes not been offset at least partially by discounting and other price-related promotions by cigarette companies.” (pg. 526)*

*“...it can be concluded that the industry’s extensive use of price-reducing promotions has led to higher rates of tobacco use among young people than would have occurred in the absence of these promotions.” (pg. 530)*

*“Evidence in this chapter also outlines industry actions to attract price-sensitive populations such as youth to their products, as well as to soften the price impact on consumers of increases in federal and state tobacco excise taxes (Chaloupka et al. 2002). Because there is strong evidence that as the price of tobacco products increases, tobacco use decreases, especially among young people, then any actions that mitigate*

*the impact of increased price and thus reduce the purchase price of tobacco can increase the initiation and level of use of tobacco products among young people.” (pg. 599)*

Excerpts from the 2014 Surgeon General's Report:

*“...the tobacco industry has developed extremely sophisticated mechanisms to blunt and mitigate the effects of price increases. These include Web-based, mail-order, brand repositioning, and store-based discounting that is timed to scheduled price increases.” (pg. 791)*

*“...the tobacco industry has used a mixture of actions to alter the prices of their products, including a variety of price-reducing promotions, and that these actions attract price-sensitive populations such as youth to their products, as well as soften the price impact on consumers of increases in federal and state tobacco excise taxes.” (pg. 797)*

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<sup>1</sup> U.S. Department of Health and Human Services (HHS), *Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General*, Atlanta, GA: HHS, Centers for Disease Control and Prevention (CDC), National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health 2012, <https://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/index.html>.

<sup>2</sup> HHS, *The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General*, Atlanta, GA: HHS, CDC, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014, <http://www.surgeongeneral.gov/library/reports/50-years-of-progress/index.html>.



My testimony will be distributed at the hearing.

Sincerely,

Kathy Gunlock

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## Memorandum

**Date:** February 11, 2025

**To:** Members of the North Dakota House Finance and Taxation Committee

**From:** Adam Hoffer, PhD, Director of Excise Taxation, Tax Foundation

**Subject:** North Dakota HB 1570 Regarding Excise Tax Increases on Tobacco Products

House Bill 1570 would increase excise taxes on tobacco products in North Dakota, including cigarettes, snuff, electronic nicotine delivery systems, and all alternative tobacco products.

HB 1570 specifically proposes to:

- Increase the excise tax on cigarettes from \$0.44 per pack to \$1.53 per pack
- Increase the tax on snuff from \$0.60 to \$1.96 per ounce
- Increase the tax on chewing tobacco from \$0.16 to \$0.52 per ounce
- Impose a tax on alternative tobacco products including electronic smoking devices at the rate of 56 percent of the wholesale purchase price

Some of the revenues from these tax increases would be directed to a new tobacco tax distribution behavioral health fund. Unfortunately, excise taxes, particularly those applied to a shrinking tax base, are a poor policy solution to fund unrelated programs or general revenues. Excise taxes constitute a volatile source of tax revenue; revenues from excise taxes tend to decrease over time while revenues needed for government services tend to grow.

A tax increase on cigarettes is likely to increase revenue in the short term. North Dakota's fiscal analysts estimate an increase of roughly \$50 million per year in the first two years. Tax Foundation calculations largely support this estimate. The additional revenue generated from the higher cigarette tax rate will decrease each year, however, as the number of smokers continues to fall. Higher tax rates are also likely to induce more smuggling and illicit trade.

These excise taxes would also be regressive, disproportionately impacting low-income North Dakotans.

Simply because a tax is regressive, however, doesn't mean it should not be levied. Most consumption taxes are regressive, but they still have a role in a broader system of tax and

transfers that is almost invariably highly progressive. Best practices for tax policy usually include a mix of both progressive and regressive taxes that provide a stable source of revenue but minimize market distortions and the tax burden on the poor.

While most excise taxes are regressive, taxes on tobacco are the most regressive excise tax the Tax Foundation has studied.<sup>1</sup> In North Dakota, households in the lowest quintile already face an effective tax rate that is six times greater than the effective tax rate of households in the top three income quintiles.

**Table 1. Effective Tax Rates on Cigarettes Across Income Groups in North Dakota**

Income Group	Effective Tax Rate
0% to 20%	6.0%
20% to 40%	2.0%
40% to 60%	1.0%
60% to 80%	1.0%
80% to 100%	0.0%

Source: Adam Hoffer, “Compare Tobacco Tax Data in Your State,” Tax Foundation, May 24, 2023, <https://taxfoundation.org/data/all/state/tobacco-tax-data-tool/>.

Higher tax rates on smokeless tobacco and alternative tobacco products also go against recommendations from both Tax Foundation and the US Food and Drug Administration. Products that allow users to consume nicotine via methods other than combustible cigarettes are substantially less harmful to consumers. To encourage users to switch from combustible cigarettes to less harmful products, Tax Foundation recommends a preferential tax rate for these products, reducing rates between 50 and 100 percent based on how much less harmful these products are and whether cigarette smokers are willing to switch.

Legislatures are charged with the difficult task of striking the right balance: they often simultaneously seek to discourage the take-up of products by non-smokers, encourage harm reduction with smokers switching to vapor products, and raise enough revenue to fund public programs. As you consider these matters, we are happy to be a resource and would be delighted to provide you with more research on this topic. Thank you for your time.

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<sup>1</sup> Adam Hoffer, “Global Excise Tax Application and Trends,” Tax Foundation, Apr. 7, 2023, <https://taxfoundation.org/research/all/global/global-excise-tax-policy-application-trends/#regressivity>.



Dear Chairman Headland, Vice Chair Haggert, and members of the Finance and Taxation Committee,

My name is Kathy Gunlock, and I am here today on behalf of Core-Mark International. Core-Mark is a proud convenience distributor with over 8,000 employees. I am testifying today because HB 1570 threatens the livelihoods of the 150 stores we proudly service in the state of North Dakota.

HB 1570 proposes to raise the tax on cigarettes by 248%, smokeless products by 227%, and imposes a new tax on vapor and e-cigarettes that will raise their retail price by 56%. Theoretically, this should raise tax revenue, but history has shown us a different story. Since 2019, state excise revenue from tobacco products has fallen 22% in North Dakota. That's because tax increases only provide temporary relief and are an unsustainable revenue source.

Instead, what tax increases will do is harm local businesses. As one of the largest convenience store suppliers in the U.S., we have access to data that shows what happens when states ignore realities and implement high tobacco taxes. Last year, Maryland was that state. In July 2024, they implemented a \$1.25 per pack increase, not far off from the \$1.09 being proposed here.

What happened? According to data provided by MSAI, which tracks industry shipments, Maryland lost 15% of its cigarette volume. At the same time, the states directly bordering Maryland only saw a decline of 3%, far outperforming industry average declines due to historically low smoking prevalence. The projections were so bad that in a January 2025 hearing, the Office of Policy Analysis estimated that the state will lose 19.3% of their tobacco dollars by fiscal year 2026, just one year after implementation.

It's time we stand up for small businesses. Nearly 40% of the tobacco retailers in the state of North Dakota are independently owned single storefronts. Based on data from the National Association of Convenience Stores, tobacco and nicotine products make up nearly 35% of their in-store revenue. If this tax follows in Maryland's footsteps and they lose 15% of that revenue, the impact will be detrimental. Stand up for the locally owned independent businesses I work with every day and let them know you have their back by voting no on HB 1570.

Thank you for your time and thoughtful consideration.

Sincerely,

Kathy Gunlock

Tobacco Category Manager

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**Testimony for HB 1570**  
**House Finance and Taxation Committee**  
**Greg Gallagher**  
**February 12, 2025**

Mr. Chairman and members of the House Finance and Taxation Committee,

I am Greg Gallagher, a Mandan resident, a member of the Mandan Health Coalition, and Vice-Chair of the Statewide Advocacy and Engagement Committee of the American Health Association in North Dakota. I provide this testimony as a private citizen and not as a lobbyist or representative for any other party. I testify in support of HB 1570 based on my understanding of this matter gained through my involvement with these and other organizations.

Raising the tax on tobacco and alternative tobacco products is long since overdue. Not since 1993 has the state raised its base taxation rate, despite the overall inflation rate increases incurred since that time. The increase in the tax level proposed within HB 1570 is a modest tax increase, to say the least. This Committee and the Legislature should move to enact this increase now, without hesitation.

The state has an evident interest in taxing tobacco and alternative tobacco products, especially as it affects our youth and young adult populations. The adverse health effects of tobacco use are well known, and the ingredients in the ever-increasing types of addictive alternative tobacco products evidence an equally concerning trend to adversely impact the health of individuals drawn to these products. This should be a concern to all of us, especially policymakers who need to be attentive to the long-term implications on how these products affect our health, behavioral health, and community resources.

The companies that make and market these products do so to make a profit. Let us be clear about that. They are permitted to do so, but in so doing their products should be taxed sufficiently to help partially offset the impacts to our health systems, which are significant and a legitimate concern of North Dakota residents and taxpayers.

HB 1570 advances a long-overdue remedy to right the balance sheet of taxation versus products that adversely impact the health of North Dakota residents. I ask that you pass HB 1570 to right what has been ignored for far too long a time.

Thank you.





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**Fargo Cass**



**Public Health**  
 Prevent. Promote. Protect.

HB 1570

Chairman Headland and members of the Committee,

My name is Abby Lange, and I am a Community Health Educator at Fargo Cass Public Health. I serve our community by addressing two critical public health concerns: tobacco use and mental health. It is no secret that substance use and mental health are deeply interconnected.

Each year, over 1,000 people in North Dakota die from smoking-related illnesses. Tobacco remains the leading cause of preventable death in the United States, with decades of research documenting the severe health consequences of cigarettes. However, we do not yet fully understand the long-term impact of nicotine pouches and vapes. What we do know is that these products deliver highly concentrated doses of nicotine and are increasingly popular among youth.

The CDC recommends a three-pronged approach to reducing tobacco-related illness and death. One of the most effective strategies is increasing the price of tobacco products. Research shows that for every 10% increase in price, youth tobacco use declines by approximately 6.5%. Despite this proven strategy, North Dakota has not increased its tobacco tax since 1993—long before today's youth were even born. In fact, many of the nicotine products most commonly used by young people are not taxed at all.

One young adult I worked with, who has struggled for years to quit, summed up the issue perfectly:  
 "It's cheaper to just keep vaping."

This heartbreaking reality means that people who genuinely want to quit remain trapped in addiction simply because it is more affordable to continue using nicotine than to seek cessation support.

In my work assisting individuals who want to quit tobacco, I have found a common and alarming trend: the majority of people I have worked with started using nicotine between the ages of 12 and 17—well below the legal purchasing age. This is particularly concerning because adolescence is a critical period for brain development, especially in areas responsible for impulse control and emotional regulation. The nicotine content in modern products is exponentially higher than in traditional cigarettes; for example, a single 5,000-puff vape contains as much nicotine as approximately 500 cigarettes. Many youths consume these devices within two weeks or less.

Tobacco use does not just affect individuals, it impacts families and communities. Nearly everyone has a story of a loved one whose life was negatively affected by tobacco addiction. I urge you to reflect on your own experiences with loved ones. If there are any questions, I would be pleased to answer them.

Thank you for all of your work and your time.

Respectfully,

Abby Lange  
[ALange@FargoND.gov](mailto:ALange@FargoND.gov)  
 (701) 241-8576

**Vision:** Healthy People in Healthy Communities

**Mission:** To *prevent* disease and injury, *promote* wellness and *protect* community health.





**2025 HB 1570**  
**House Finance and Taxation Committee**  
**Representative Craig Headland, Chairman**  
**February 12, 2025**

Chairman Headland and members of the House Finance and Taxation Committee, I am Tim Blasl, President of the North Dakota Hospital Association (NDHA). I am here to testify in support of House Bill 1570. I ask that you give this bill a **Do Pass** recommendation.

Hospitals support the bill because raising tobacco taxes is one of the most effective ways to reduce tobacco use. Tobacco use remains a leading risk factor for conditions that lead to heart disease, cancer, lung disease, and other health complications.

This bill modifies the tax imposed on certain cigarette and tobacco sales, imposes additional tax on certain cigarette and tobacco sales, and establishes a tobacco tax distribution behavioral health fund which would be used for providing depression and anxiety behavioral health services by the regional human service centers. The bill increases the tax rate on each can or package of stuff from 60 cents per ounce to \$1.96 per ounce and increases the tax rate on chewing tobacco from 16 cents per ounce to 52 cents per ounce. The bill also imposes a separate and additional tax on cigarettes of 54.5 mills on each cigarette and on electronic smoking devices at 56 percent of the wholesale purchase price at which electronic smoking devices are purchased by distributors. It would also impose a tax on alternative tobacco products at 56 percent of the wholesale purchase price at which alternative tobacco products are purchased by distributors. Some of the additional tax revenue generated would be allocated to the tobacco tax distribution behavioral health fund and the remaining amount would be allocated to the state general fund.

We believe tax increases encourage users to quit and discourage people from starting to use tobacco products. We strongly support HB 1570 as it would improve public health outcomes by acting as a deterrent to the use of tobacco products. We also strongly support

using some of the additional revenue these taxes would generate to fund behavioral health services in North Dakota.

In summary, we support the bill and hope that you will give it a **Do Pass** recommendation.

I would be happy to respond to any questions you may have. Thank you.

Respectfully Submitted,

Tim Blasl, President  
North Dakota Hospital Association



Chairman Representative Headland and members of the Finance and Taxation Committee, my name is Ben Guthmiller. I am a senior at Legacy High School and President of Stop the Cloud, a student-led organization dedicated to commercial tobacco and e-cigarette prevention. I am here to provide testimony and support for House Bill 1570.

It has become too common for students in schools throughout the state to access and become addicted to commercial tobacco and e-cigarette products. Some of my closest classmates and companions have fallen into addiction and dependency to the point they must bring these products everywhere they go, including school, to function throughout the day. Not only does the constant use of these devices harm my peers by the chemicals found within the devices themselves, but I have personally witnessed and heard testimony from others that these devices have encouraged my peers to experiment with stronger drugs. I worry deeply about the future of my peers due to the number of adolescents who use these products.

Recognizing the detrimental effects of youth use of tobacco and e-cigarette products, Legacy High School's Stop the Cloud organization was formed. The organization is exclusive to Legacy High School, but the club works to provide all youth with education on tobacco and e-cigarettes while offering tools to quit. In our school, we have conducted engaging events that raise awareness of the harms and implications of youth tobacco and e-cigarette use, and we have seen results with students approaching us expressing their worries and wanting to quit. Yet, many students do not heed the dangers that come with the use of these products which we communicate. We advocate on many levels in our school and in the community to persuade our classmates, and those even younger than us in middle or elementary school, that tobacco and e-cigarette products could harm their bodies, disrupt their learning, and hinder their path to future success; nevertheless, we recognize that legislative changes are necessary to assist in preventing the youth from using these products.

With that being said, as President of Stop the Cloud, I represent the group in saying that we believe that House Bill 1570 and an increased tobacco product tax is a step in positive change to protect the youth in our community. This bill would positively impact adults and notably the youth who struggle every day from the addiction and detrimental effects of tobacco and e-cigarette dependence. House Bill 1570 will not immediately bring an end to youth nicotine addiction, but it is one step towards a goal that will continue to be advocated for.

Please support HB1570 for the youth in the community who struggle with addiction and the physical, mental, and emotional harm that tobacco and e-cigarette products bring. As advocates, we have made progress in reducing tobacco and e-cigarette use rates, and we as youth ask for your aid in guiding our classmates for the future of our generation. I ask the Finance and Taxation Committee to vote Yes on HB 1570.

Moorea Knapp

Bismarck, ND 58503

February 12th, 2025

Testimony prepared on HB 1570 for Chairman Headland and the Finance and Taxation committee

Chairman Headland, and members of the Finance and Taxation committee, hello, my name is Moorea Knapp. I am currently a senior at Century High School, and will soon be a freshman at the University of Alabama. I am also a two year member of the Bismarck-Burleigh Public Health Break Free Youth Board (BFYB). As a student-led board, BFYB's mission is to advocate against e-cigarette use in our communities. We fight for community awareness of the true dangers that nicotine use presents to our generation. As a matter of fact, tobacco use is North Dakota's number one cause of preventable disease and death. I would like to thank you for your time today, as I stand before you to advocate for HB 1570, with a Do Pass stance. This bill will raise the tax rates on all tobacco products, including e-cigarettes.

As a BFYB member, I often present to fifth grade students in our Bismarck community. When starting a presentation, I ask students to raise their hands if they have seen an e-cigarette in their homes, at school, in an advertisement, or if they know someone who uses these products. Without fail, every hand in the room is raised, including my own. E-cigarettes have had a tremendous impact on my generation, and it is discouraging to see that their influence has begun to bleed into the next generation. When it comes to lowering the use of these devastating products, the Center for Disease Control and National Institutes of Health recommend instituting a three-legged stool approach, as it is one of the most effective paths to lowering tobacco product usage among adults and teens alike. The reason I am here to testify on behalf of this bill today is because it embodies one of the three legs of prevention: increased tobacco taxes.

It has also been proven that with these increased prices comes lower vaping and product usage rates. This is supported by the Truth Initiative, which as an organization cites that price increases reduce underage e-cigarette and smoking rates by at least 9.3%, which is an even greater positive effect. As a youth voice advocating for this change, I can say that these statistics alone give me great hope for the change that can be brought by the passage of this bill. From my own perspective, I readily believe that by increasing our state tobacco tax, for the first time since 1993, we can generate state income and significantly lower tobacco use. This is not a radical tax increase. It is not unacceptable or detrimental by any means to those who profit from tobacco sales. It brings us to par with our South Dakota neighbors, and establishes that we, as North Dakotans, are prioritizing our health, the health of our environment, and the health of our children, and their children to come.

As of today, tobacco use is the leading cause of preventable death in North Dakota. As a part of a most sincere effort to change this, I encourage you all to vote Do Pass on HB 1570. Again, thank you all for your time and attention, Chairman Headland, and the committee. I honestly appreciate it. I can now accept any questions.

Joe O'Connor

Cigarettes/OTP Category Manager

Holiday/Circle K

Dear Chairman Headland, Vice Chairman Hagert, and members of the Finance and Taxation Committee,

My name is Joe O'Connor, and I am here today representing Holiday Station Stores in opposition to House Bill 1570. My primary reason for opposing this bill is that it will undoubtedly create winners and losers among businesses like mine in North Dakota.

Additionally, if one of the goals is youth prevention, we have a great track record of making sure we do not sell to minors, just like every responsible retailer in the business. Our employees are trained, rewarded, and even terminated (for only 1 infraction) regarding youth prevention.

I have a unique perspective because we operate 25 stores in North Dakota and an additional 280 in Minnesota. Observing our business across these two states is eye-opening. Minnesota has one of the country's highest excise tax rates on vapor products, at 95% of the wholesale cost.

At our store in Moorhead, MN, we sell 20 cartridges of vapor products per week. Down the street at my other Moorhead location, we sell a mere 6 cartridges per week. Crossing the border, I have 10 stores in the Fargo area, where those ten stores average 124 cartridges per week—a nearly 1200% increase. This holds true whether it is vapor, cigarettes, moist snuff, or any other tobacco category. In fact, nicotine pouches in Fargo were 3600% higher than their neighbors in Moorhead. Logically, we know that smoking rates are not significantly different across a 10-mile radius, so the only logical conclusion is that tobacco and nicotine consumers are actively choosing to leave high-tax Minnesota to find lower retails in North Dakota.

This bill proposes a 56% tax on vapor products and nicotine pouches, which are the two fastest-growing categories in the tobacco and nicotine market (and U.S cigarette sales are at historic low levels because of these products). You propose doing this at a time when South Dakota and Montana have no tax on these categories. The evidence above tells us that consumers will make the short one-hour drive down I-29 into South Dakota to save nearly half on their preferred products.

This tax is highly regressive. According to industry information this tax would add an additional \$430 tax burden on North Dakotans at a time they can afford it least.

This bill will also hurt locally owned businesses, resulting in fewer jobs while simultaneously failing to meet revenue projections. Please vote no on HB 1570.

Thanks

Joe O'Connor



**House Finance and Taxation Committee**  
**HB 1570**  
**February 12, 2025**

Chairman Headland and Committee Members, I am Donna Thronson and I serve as Communications Director for the North Dakota Medical Association. The North Dakota Medical Association is the professional membership organization for North Dakota physicians, residents, and medical students.

The North Dakota Medical Association supports HB 1570, increasing the state's tax on tobacco products. At its 2013 annual meeting, NDMA adopted a resolution supporting legislative action to raise North Dakota's tobacco tax as a proven way to prevent youth tobacco initiation, encourage a reduction of adult tobacco use, reduce health care costs, and provide an overall benefit to public health.

According to the Centers for Disease Control and Prevention (CDC) Office on Smoking and Health, tobacco use health care costs in North Dakota amount to \$326 million per year.

Physicians are on the front lines trying to prevent and reduce tobacco use by counseling young patients not to start and supporting patients who have already started in their attempts to quit. Yet, they cannot do it alone.

Increasing tobacco taxes is one of the leading recommendations for states to use in preventing and treating tobacco addiction, particularly in adolescents. Therefore, preventing the uptake of tobacco use by making it less affordable is a better investment than waiting to treat smokers in adulthood.

However, according to the research it is important to recognize that tobacco tax increases will only reduce tobacco consumption if the increase is noticeable and beyond the range of being offset by tobacco industry discounts. In addition, it is important to ensure that the tax increases are equitable across tobacco products.

With the rise in youth e-cigarette use and increased smokeless tobacco use among rural populations, timely policy will be imperative to curb these growing health threats.

NDMA supports HB 1570. I would be happy to answer any questions. Thank you.



## NORTH DAKOTANS AGREE

We can do more to protect youth from vaping nicotine  
and commercial tobacco addiction

## Traditional vs. Commercial Tobacco

**This presentation refers to tobacco products that are made and sold by tobacco companies. It does not include traditional tobacco used by Indigenous groups for religious or ceremonial purposes.**





## The Problem

**Commercial tobacco use among youth is a major public health concern.**

**Youth use in ND is higher than the country overall.**

In 2023, 18.2% of North Dakota HS students reported current use of e-cigarettes (vapes).

Nationally, less than 8% of HS students report current use of e-cigarettes (2024).

HEALTH

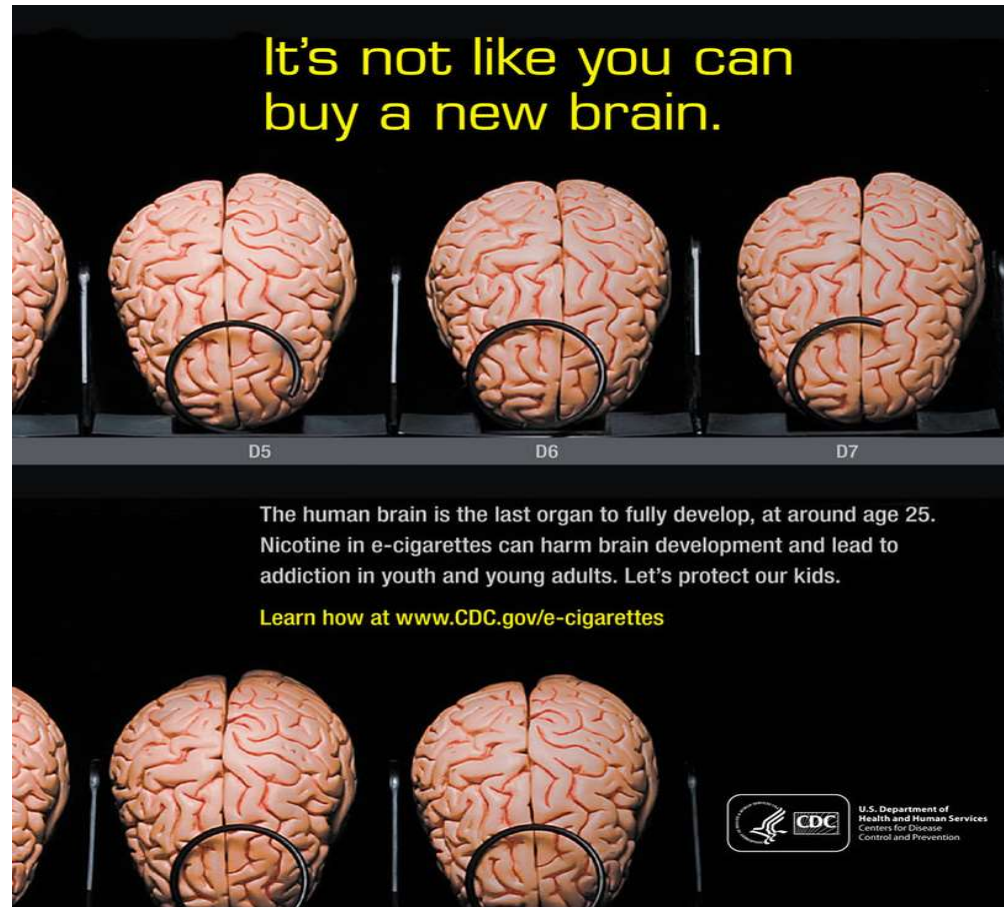
### North Dakota ranks highest in Gen Z e-cigarette use, study finds

From June 9-15, North Dakota Health and Human Services and Tobacco Free North Dakota are partnering for Quit Week to urge North Dakotans to quit tobacco.



## The Problem

**Nicotine is a highly addictive chemical in commercial tobacco products.**





## The Solution

### Raise the price of commercial tobacco products

**Tobacco tax increases are one of the most effective ways to reduce smoking and other tobacco use, especially among youth.**





## Cheap Tobacco Does Not Benefit North Dakota

At only \$0.44 per pack, North Dakota's cigarette tax ranks 49th in the country.

North Dakota has not raised the tax on cigarettes since 1993.

North Dakota does not tax e-cigarettes or nicotine pouches as tobacco products.

**It's time to close the loophole and raise the price of all nicotine and commercial tobacco products to protect youth.**





## The Bipartisan Bill – HB 1570

**Rep. Steiner, Sen. Bekkedahl, Sen. Boschee, Sen. Larson, Sen. Luick, Rep. McLeod, Rep. Mitskog, Sen. Myrdal, Rep. Nelson, Rep. S. Olson**

HB 1570 will modernize and improve how North Dakota taxes nicotine and tobacco products.

Specifics:

- ➡ Increase the tax on cigarettes by \$1.09 per pack. The new tax would be \$1.53 per pack equal to South Dakota's tax.
- ➡ Increase the tax on smokeless tobacco like chew and snus.
- ➡ Implement a tax on electronic smoking devices (e.g., e-cigarettes and nicotine vapes) and alternative tobacco products (e.g., nicotine pouches and gels).
- ➡ Dedicate a portion of the tobacco tax revenue to behavioral health services.



## Health and Economic Benefits

Increasing the tax on cigarettes by \$1.09 per pack will:

- ➡ Prevent 500 youth from becoming adults who smoke.
- ➡ Encourage 1,700 adults who smoke to quit.
- ➡ Save the state \$320,000 in Medicaid spending over the next 5 years.
- ➡ Save the state \$28.55 million in long-term health care costs.
- ➡ Prevent 400 smoking-caused premature deaths.
- ➡ Generate \$24.15 million in new annual revenue.

**HB 1570 will reduce costs, improve health, and save lives.**



## Stand Up for Youth – ND

**Stand Up for Youth – ND is a growing coalition of community, state and national organizations working to increase the price of all tobacco products in North Dakota to protect youth, reduce smoking rates, lower healthcare costs and save lives.**



Our members include: American Cancer Society Cancer Action Network, American College of Cardiology, American Heart Association, American Lung Association, Bismarck Tobacco Free Coalition, Campaign for Tobacco-Free Kids, Community HealthCare Association of the Dakotas, KIDS COUNT North Dakota, North Dakota Medical Association, North Dakota Public Health Association, Preventing Tobacco Addiction Foundation, & Tobacco Free North Dakota.





## NORTH DAKOTANS AGREE

We can do more to protect youth from vaping nicotine  
and commercial tobacco addiction

HB 1570 Testimony  
Tony Burke  
American Heart Association  
Government Relations Director  
2/11/25

- [A 22-year-old man who vaped required a double lung transplant](#)
- [22-Year-Old Who Vaped Heavily Needed Double Lung Transplant](#)
- <https://www.youtube.com/watch?v=ARBr7H8quFY>



**TESTIMONY IN SUPPORT OF HB 1570**

Amy Heuer  
Co-Executive Director ND Society of Health and Physical Educators  
Bismarck, ND  
Amyheuer1@gmail.com

**Chairman Headland and Members of the House Finance and Taxation Committee,**

My name is Amy Heuer, I am a volunteer with the American Heart Association and the Bismarck Tobacco Free Coalition. I am Co-Executive Director of the ND Society of Health and Physical Educators and a recently retired Middle School Health and Physical Education Teacher. I am here as a representative from each of those organizations, as well as myself, to provide testimony and support for HB 1570. Thank you for providing this opportunity to provide testimony.

North Dakota's tobacco tax has not been raised since 1993, making it the second lowest in the nation. Looking back at what has happened in the past 32 years, I met and married my husband, raised 3 children, began my teaching career, teaching K-8 Health and Physical Education, retired, and a few months ago, celebrated my 30<sup>th</sup> wedding anniversary. It is crazy to think that I have lived all of that, and not once has the state raised its tobacco tax.

I mentioned that I am a retired teacher, spending the last 14 years of my career teaching 7<sup>th</sup> grade Health and PE. As the SADD (Students Against Destructive Decisions) advisor at my school, I spent a lot of time educating group members on the dangers of all nicotine delivery devices. They in turn educated classmates, holding education events throughout the school year. Very seldom did I need to explain the techniques these companies used to entice youth to use their product. It was obvious even to 7<sup>th</sup> and 8<sup>th</sup> grade students that they were being targeted, as few adults need to have a vape that looks like a highlighter, thumbdrive, sharpie, or watch, or to have candy and cereal flavors.

While we have seen the percentage of high school students using cigarettes drop in these 32 years, the use of vaping devices has been increasing, with the 2019 Youth Risk Behavior Survey showing a high of 33.1% for those reportedly having used in the last 30 days. It currently sits at 18.2% in the 2023 YRBS. When we put all of the tobacco and nicotine delivery devices together however, those reporting use in the

last 30 days is at 19.6%. That is one in five teenagers using a nicotine delivery device in the last 30 days. We know that use of these devices is higher for those students living in poverty, and there is a direct correlation between higher tobacco use, low income level, and low number of years of education for adults.

When that number is compared to the percentage of ND high school students who felt sad or hopeless in the 2023 YRBS, 35%, we know we have a larger problem on our hands. Due to an initial feeling of euphoria when injecting nicotine, many teens will “self medicate”, thinking they are helping themselves, when in reality they are negatively impacting brain development, and intensifying their anxiety symptoms and feelings of depression. This can cause them to increase consumption, causing a continuous cycle of addiction.

We have tools available to help combat this cycle. A study published in the American Journal of Preventative Medicine found that higher prices and taxes resulted in a reduction of youth current e-cigarette use and days using e-cigarettes. The U.S. Surgeon General has consistently emphasized that increasing the price of cigarettes is among the most powerful tools to prevent youth initiation and encourage cessation among current smokers. The American Journal of Public Health found that state-level tax increases are effective across diverse populations, reducing overall smoking rates regardless of gender, socioeconomic status, or racial background.

You will hear opposition talk about their business success in relation to this bill, with the number one argument being a loss of revenue. While I do not wish closing or bankruptcy on anyone, I do question the consideration of any business that supports a product that is so detrimental to the health of our citizens, especially our youth.

With this bill, you have the ability to support the youth and adults in our state by encouraging a reduction in nicotine use, while also improving access to mental and behavioral health access. It's time to put the health and wellness of the citizens of North Dakota ahead of business interests.

Please vote DO PASS on HB 1570. Thank you, and I stand for questions.

**References:**

Youth Risk Behavior Survey, 2019, 2023

American Journal of Preventative Medicine, June 2023

U.S. Surgeon General. (2014). The health consequences of smoking—50 years of progress.

American Journal of Public Health. (2020). Effects of state cigarette tax increases on youth smoking trends.



## AMERICANS for TAX REFORM

February 12, 2025

To: North Dakota House Finance and Taxation Committee  
From: Doug Kellogg, Americans for Tax Reform  
Re: Opposition Testimony on House Bill 1570

Chairman Headland, Vice Chairman Hagert, Members of the Committee,

My name is Doug Kellogg, I am State Projects Director for Americans for Tax Reform (ATR), testifying in opposition to House Bill 1570.

ATR is a non-profit organization founded in 1985 at the request of President Reagan to ensure tax reform returned money to American taxpayers. Today, we continue to champion reducing the tax burden, as well as advocate for consumers and free markets, and sponsor the Taxpayer Protection Pledge, a written commitment made by elected officials to their voters that they will oppose tax increases.

**I urge you to reject HB 1570, a more than \$95 million tax hike that would punitively tax tobacco alternative products that help people quit smoking, and increase the highly regressive tax on cigarettes and cigars. North Dakota small businesses will be hurt and jobs lost.**

The research and evidence we have indicates that this bill would do nothing to reduce smoking rates but would lead to state tax revenue estimates falling short due to an increase in criminal smuggling of tobacco. Further, small businesses with narrow margins will struggle to survive, and families hurt. People who are quitting smoking would have less access to products the Food and Drug Administrations deems appropriate for the protection of public health because they are safe.

Data from the National Adult Tobacco Surveys has consistently demonstrated that tobacco tax increases have no statistically significant impact on the prevalence of smoking among those with household incomes of less than \$25,000. **72% of [those who smoke](#) are from low-income communities**, and cigarette taxes are highly regressive, meaning they impact people with lower socioeconomic status more than they hurt those in higher income brackets.

Further, cigarette tax hikes promote black markets for smuggled tobacco products, and consistently result in revenues coming in far lower than projected. Contrary to popular belief that tobacco smuggling a victimless crime, most tobacco smuggling is run by multi-million-dollar organized crime syndicates. These networks, that also engage in human trafficking and money laundering, have also been used to fund terrorism. The U.S. Department of State has explicitly [called](#) tobacco smuggling a “threat to national security.”

Paradoxically this tax hike may increase youth smoking in the state: By definition, criminals and smugglers are unlikely to obey laws and would not follow rigorous age-verification requirements mandated at tobacco retailers and convenience stores.

**Only three out of 32 state tobacco [increases](#) between 2009 and 2013 met tax revenue estimates** and for this reason, economists and tax policy experts view tobacco taxes as unsound policy, and it is highly unlikely that revenue estimates will be met.

Rather than inappropriately treating alternatives like vaping, oral nicotine pouches, and new technology the same as old tobacco products, lawmakers should welcome these reduced risk tobacco alternatives.

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[www.ATR.org](http://www.ATR.org)

The negative health effects of combustible tobacco come from the chemicals produced in the combustion process, not the nicotine. While highly addictive, nicotine is a relatively benign substance like caffeine and nicotine use “[does not result in clinically significant short- or long-term harms](#).”

In recent years, advancements in technology have created a more effective alternative: vapor products and e-cigarettes, as well as oral nicotine pouches such as snus and pouches. These products deliver nicotine methods that do not involve combustion, thus avoid the carcinogens that exist in traditional cigarettes.

Vapor products have been [proven to be at least 95% safer](#) than combustible cigarettes and are more than [twice as effective](#) at helping smokers quit than traditional nicotine replacement therapies, while nicotine pouches have been approved as appropriate for the protection of public health by the FDA recently.

Large-scale [analysis](#) from Georgetown University Medical Center estimates that 6.6 million American lives can be saved if a majority of cigarette smokers switched to reduced risk products. **This would save more than 65,000 lives in North Dakota.**

For the reasons outlined above, in the interests of public health, protecting the North Dakota economy at a time of high inflation, and preventing the spread of smuggling cartels, we call upon you to **oppose HB 1570**.

If ATR can be of any assistance or you have questions, please contact me at 202-785-0266, [dkellogg@atr.org](mailto:dkellogg@atr.org).

Thank you.

**HB 1570 Testimony**  
**House Finance and Tax Committee**  
**Representative Headland, Chairman**  
**February 12, 2025**

Chairman Headland and members of the committee, my name is Matthew McCleary. I am the Deputy Director for both North Dakota Federation of Families for Children's Mental Health (NDFFCMH) and Mental Health America of North Dakota (MHAND). NDFFCMH is a parent run organization focused on the needs of children and youth with emotional, behavioral, or mental disorders and their families. MHAND's mission is to promote mental health through education, advocacy, understanding and access to quality care for all individuals.

We are here to support HB 1570. North Dakota is in the midst of a mental health systems crisis, a crisis that the state of North Dakota has spent the better part of the last decade ending. Since the release of the HSRI Report of 2018, North Dakota began to implement recommendations in that study. Recommendations from the HSRI report do require significant financial resources to implement, but they are necessary. While much progress has been made in behavioral health services, much remains to be done--particularly regarding mental health services. For instance, targeted funding for substance use disorders is available through the substance use voucher however, there are no similar funds targeting mental health.

Who are the North Dakotans that use tobacco or related products? They are likely to be individuals that have mental health conditions. Over one third of people who smoke cigarettes have a mental health condition, and they account for 38% of all adult cigarette consumption. People with mental illness have shorter life expectancies, with health-

related impacts from smoking (and suicide) reducing their lives by as much as ten years. North Dakotans with mental health challenges are also not able to access mental health services in sufficient quantity or as soon as they need it. In short: people with mental health conditions are one of the biggest consumers of cigarettes and nicotine products, but are simultaneously having trouble getting access to mental health care in North Dakota. Raising the tobacco tax can prevent people with mental illnesses from becoming addicted to nicotine and can help them quit smoking. HB 1570 importantly directs funds raised from tobacco taxes into North Dakota mental health services, so that we can help end the North Dakota mental health crisis.

Thank you for your time and I would be happy to respond to any questions.

Matthew McCleary, Deputy Director  
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Phone: (701) 255-3692



February 12, 2025

9:30 am CST

House Finance and Taxation Committee for the 69<sup>th</sup> ND Legislative Assembly

Chairman Headland, and members of the Finance and Taxation Committee. My name is Ryan Wagner, I am a member of the Break Free Youth Board and a senior at Legacy High School in Bismarck. I am here to provide testimony and Support for HB 1570.

In my experience as a high schooler, it is rare that I can go into the bathroom without being greeted by the smell of cotton candy, iced strawberry, or some other vape flavor marketed towards youth. I receive dirty looks and threats for using the bathroom for its intended purpose. Vaping has become a large issue in the state of North Dakota as around 18% of teens submit on anonymous surveys that they vape. While this number has gone down from 33% in 2019, there is still work to be done. Zyns, which are synthetic nicotine pouches, are also becoming extremely common within high schools. These are especially problematic because they have no scent, or flavors just like vapes do, and students are less likely to be caught. Just because students aren't being caught with these does not mean they aren't using them. When you go into the parking lot and look at the ground, and at light poles, they're littered with the synthetic nicotine pouches. Some North Dakota College and University Fraternities also are known to have Zyn Walls, similar to what a gum wall would be years ago. Acts like those make having a nicotine addiction seem trendy and cool. Which is exactly what tobacco companies are in search of. A lot of students choose to use nicotine because of the way it is marketed. Packaging with fun colors and flavors makes vaping appealing and seem harmless.

On top of this, a lot of people look at nicotine as a source of dopamine when they are stressed, anxious or going through symptoms of depression. However nicotine is known to exacerbate these symptoms after giving users a false sense of delight and causes users to become more dependent on nicotine than they were before. The combination of these is a recipe for disaster and addiction. There is a noticeable trend that links increased tobacco taxes with better health outcomes in a state. Higher tobacco taxes tend to reduce smoking rates by making tobacco products more expensive, which discourages people from buying them. This leads to lower rates of smoking-related illnesses such as lung cancer, heart disease, and respiratory conditions. States such as New York, California, New Jersey, Massachusetts, our neighbor to the east Minnesota, and Washington state. All support this as a clear example. Additionally, higher tobacco taxes can generate revenue that states can use to fund public health programs, further improving overall health of the state.

We have made great strides in our community with reducing tobacco use rates and protecting individuals from secondhand smoke. I ask the Finance and Taxation Committee to vote Yes on HB 1570. Thank you. This concludes my testimony. I will be happy to answer any questions you may have.



## NORTH DAKOTANS AGREE

We can do more to protect youth from vaping nicotine and commercial tobacco addiction

### Raise the price of commercial tobacco products

The tobacco industry uses tactics like low prices, easy-to-hide devices, youth-friendly flavors and high levels of nicotine to addict the next generation and secure future profits.

**Tobacco tax increases are one of the most effective ways to reduce smoking and other tobacco use, especially among youth.** Nationally, every 10% increase in cigarette prices reduces youth smoking by about 7% and overall cigarette consumption by about 4%.

### Cheap tobacco does not benefit any community

**At only \$0.44 per pack, North Dakota's tax on cigarettes ranks near dead last – 49th in the country** and much lower than the average state cigarette tax at \$1.97 per pack. North Dakota has not raised the tax on cigarettes since 1993.

**North Dakota does not tax e-cigarettes or nicotine pouches as tobacco products**, and the tax rate on other tobacco products (like chewing tobacco and snuff) is also very low. These products are fueling North Dakota's youth tobacco and nicotine problem. **It's time to close the loophole and tax all commercial tobacco products.**

Nicotine is a highly addictive chemical in tobacco products. Nicotine can harm adolescent brain development and affect memory and learning. We have a shared responsibility to keep these dangerous and addictive products away from children. **The tobacco industry knows that cheap tobacco retains current users and lures more young people into a lifetime of addiction.**



## The bill – HB 1570

Rep. Steiner, Sen. Bekkedahl, Sen. Boschee, Sen. Larson, Sen. Luick, Rep. McLeod, Rep. Mitskog, Sen. Myrdal, Rep. Nelson, Rep. S. Olson

HB 1570 authored by Representative Steiner and a team of bipartisan lawmakers aims to modernize and improve how North Dakota taxes commercial tobacco products. Specifically the bill will:

- ➡ Increase the tax on cigarettes by \$1.09 per pack. The total new tax would be \$1.53 per pack equal to South Dakota's tax.
- ➡ Increase the tax on each can of snuff from \$0.60 per ounce to \$1.96 per ounce.
- ➡ Increase the tax on chewing tobacco from \$0.16 per ounce to \$0.52 per ounce.
- ➡ Implement a tax on electronic smoking devices (e.g., e-cigarettes and nicotine vapes) and alternative tobacco products (e.g., pouches and gels) at 56% of the wholesale price.
- ➡ Dedicate a portion of the tobacco tax revenue to mental health services.

## The health and economic benefits are significant

**HB 1570 will reduce costs, improve health, and save lives.** Specifically, a \$1.09 per pack increase in the price of cigarettes in North Dakota would:

- ➡ Prevent 500 youth from becoming adults who smoke.
- ➡ Encourage 1,700 adults who smoke to quit.
- ➡ Save the state \$320,000 in Medicaid spending over the next 5 years.
- ➡ Save the state \$28.55 million in long-term health care costs.
- ➡ Prevent 400 smoking-caused premature deaths.
- ➡ Generate \$24.15 million in new annual revenue.

**Stand Up for Youth – ND is a growing coalition of community, state and national organizations working to increase the price of all tobacco products in North Dakota to protect youth, reduce smoking rates, lower healthcare costs and save lives.** Our members include: American Cancer Society Cancer Action Network, American College of Cardiology, American Heart Association, American Lung Association, Bismarck Tobacco Free Coalition, Campaign for Tobacco-Free Kids, Community HealthCare Association of the Dakotas, KIDS COUNT North Dakota, North Dakota Medical Association North Dakota Public Health Association, Preventing Tobacco Addiction Foundation, Tobacco Free North Dakota.

*This factsheet refers to tobacco products that are made and sold by tobacco companies. It does not include traditional tobacco used by Indigenous groups for religious or ceremonial purposes.*

*Sources: American Cancer Society Cancer Action Network, Campaign for Tobacco-Free Kids, Centers for Disease Control and Prevention, Economics for Health*



# and Nicotine TOBACCO<sup>^</sup> PRODUCTS

## COMBUSTIBLE

**COMBUSTIBLE TOBACCO** is any tobacco that is burned. Whenever combustion takes place, smoke is created. Any inhalation of smoke from a burned substance is harmful to both the lungs and the body.

### CIGARETTES

The most well-known and widely used combustible product is a cigarette. Cigarettes are made up of chopped tobacco wrapped in a white cigarette paper. They have added chemicals to increase the addictive properties, nicotine delivery, and ease of smoking. Cigarette smoking is the leading cause of preventable death and disease in the United States.



Cigarette

### CIGARS

Cigars are made up of chopped tobacco wrapped in tobacco leaves. The defining characteristic of a cigar is it is wrapped in tobacco paper whereas cigarettes are wrapped in paper. The average large cigar has the same amount of nicotine as 4-5 cigarettes.



Little Cigar



Cigarillo



Cigar

### BLUNTS

A tobacco wrap or cigar that has been hollowed out and filled with marijuana is called a blunt.



Blunt

### HOOKAH (WATERPIPE TOBACCO SMOKING)

Hookah, also known as shisha, is a form of waterpipe tobacco smoking that uses a sticky blend of tobacco, which contains additives such as spices, dried fruit, molasses, honey, and artificial flavors. Hookah is typically used in a social setting and is shared among a group of people through a single waterpipe.



Hookah

## SMOKELESS

**SMOKELESS TOBACCO** products do not require burning to be consumed. Depending on the product, they can be sniffed, sucked, chewed, or left to sit in the mouth between the lip and gums for an extended period.

### CHEWING TOBACCO

The most common type of smokeless tobacco is often called chew or dip. These products are usually sucked, chewed, or dipped. These types of smokeless tobacco products are put between a user's lower lip and cheek, which causes lots of saliva, resulting in the user's need to spit.



Chew

### SNUS

Snus, pronounced "snoose", is a moist version of snuff that has been placed in pouches. Snus is meant to be left in the mouth, under the top lip, producing little saliva making the product spit-less.



Snus

### NICOTINE POUCHES

Nicotine pouches are made from nicotine extracts and contain other additives and chemicals. There is no ground or shredded tobacco leaf in these products but, rather, a nicotine powder. These pouches are similar to snus and are spit-less. Brands include Zyn, On!, and Velo. Pouches contain a nicotine salt derived from a tobacco leaf or synthetic nicotine made in a lab.



Nicotine Pouches



**ELECTRONIC SMOKING DEVICES** can be challenging to identify. The original devices looked similar to cigarettes and had a battery, heating element, and a pre-filled cartridge with a freebase nicotine solution. Since then, the devices and solutions have evolved, and each generation has become more efficient in delivering nicotine to its user.

## CIG-A-LIKES

Cig-a-likes first entered the market in 2007. These products mimic the size and shape of a tobacco cigarette and the nicotine solution is sold in pre-filled cartridges.

## VAPE PENS

Vape pens are larger than cig-a-likes and often have the appearance of an ink pen. These devices reach higher temperatures, can have batteries or be rechargeable, and have a refillable cartridge that the user fills with a nicotine or THC solution.

## MODS & TANKS

Mods and tanks are the largest devices. They have a big battery to create more aerosol which allows the user to inhale greater amounts of nicotine and chemicals at a faster rate. The devices have a refillable tank for a nicotine solution.

## POD SYSTEMS

Pod-based systems are typically smaller and are fitted with a pod filled with a nicotine solution. Most pod devices come with a nicotine salt solution that delivers high levels of nicotine to users. There are also pod devices designed to vape THC solutions.

## SINGLE USE

These devices come fully charged and pre-filled with nicotine or THC solutions. When e-juice is gone, the device is thrown away. Single use devices have evolved over time. Today's devices have more nicotine and a greater puff volume.

## YOUTH VAPING EPIDEMIC

In 2018 the US Surgeon General recognized youth vaping as a national epidemic. The dramatic increase in youth vaping between 2017 and 2018 is tied to the mass production and marketing of JUUL, a small vaping device that uses pre-filled pods with a nicotine-salt solution. What set JUUL apart from other, older devices was the use of a salt-based nicotine solution. Nicotine salt solutions deliver more nicotine to users with smaller vaping devices. The solutions are also easier for individuals to consume as they don't result in the same throat hit as freebase nicotine. As a result, users can discreetly vape large quantities of nicotine. These products, as well as evolving vaping devices, have resulted in greater youth initiation of tobacco products and higher rates of nicotine addiction.



For comparison purposes, a JUUL pod has approximately 200 puffs and 41 milligrams of nicotine. A standard Puff Bar has 400 puffs and 50 milligrams of nicotine. A Puff Bar Flow has 1800 puffs and 325 milligrams of nicotine.

# Tobacco Surveillance Data

Indicator	2018	2019	2020	2021	2022	2023
<b>Tobacco Use (Used at least once in past 30 days)</b>						
<b>Cigarette Smoking</b>						
Adult (BRFSS*) <sup>1</sup>	19.1	17.0	17.4	15.0	15.1	13.3
High School (YRBS) <sup>1</sup>		8.3		5.9		5.4
American Indian <sup>2</sup>	43.7	35.1	36.1	35.8	35.8	32.4
Pregnant Women <sup>3</sup>	11.0	10.3	9.7	8.5	7.3	6.7
Low Income <sup>4</sup>	34.7	30.6	31.2	29.7	26.7	23.5
Low Education <sup>5</sup>	33.5	27.7	39.2	36.0	32.2	36.9
<b>Smokeless Tobacco<sup>6</sup></b>						
Adult Males (BRFSS*)	12.0	11.8	11.1	10.9	12.0	10.2
High School Males (YRBS)		7.5		7.5		5.5
<b>Cigars<sup>7</sup></b>						
Adult (ATS)		4.3			3.4	
High School (YRBS)		5.2		2.8		4.2
<b>E-Cigarettes<sup>8</sup></b>						
Adult (ATS)		5.2			8.6	
Adult (BRFSS*)	5.8		3.9	7.4	9.0	9.3
High School (YTS)		29.4				
High School (YRBS)		33.1		21.2		18.2
<b>Any Tobacco Product<sup>9</sup></b>						
Adult (BRFSS*)	25.5		22.9	22.7	24.9	23.9
High School (YRBS)		34.7		23.0		19.6
<b>Tobacco Use Initiation</b>						
Adult - Ever tried electronic cigarettes <sup>10</sup>	27.2		25.1	26.9	28.6	27.3
High School - Ever tried electronic cigarettes <sup>10</sup>		52.8		38.6		31.6
High School cigarette use before age 13 <sup>11</sup>		40.7				
High School smokeless tobacco use before age 13 <sup>12</sup>		27.1				
<b>Tobacco Consumption</b>						
Cigarettes Sold - in millions (ND Tax Commission)	936	890	885	843	763	695
Annual Cigarette Tax Revenue - in millions	20.6	19.6	19.5	18.5	16.8	15.3
Annual Other Tobacco Tax Revenue - in millions	7.1	7.1	6.9	6.9	6.7	6.8
<b>Cessation</b>						
<b>Cigarette Smoking Quit Attempts</b>						
Adult (BRFSS*)	54.0	55.1	50.0	53.1	46.2	48.3
High School (YRBS)		54.0		30.9		37.2
<b>NDQuits - Total Enrolled<sup>13</sup></b>	3,401	3,029	2,533	1,976	1,741	1,711
<b>NDQuits - Quit Rate<sup>14</sup></b>			28.7†	32.8†	33.1†	35.8†
<b>Tobacco-related Policy</b>						
Support increasing cigarette tax to \$2.00 <sup>15</sup>		56.7			54.4	
<b>Health and Economic Consequences</b>						
Deaths Attributed to Tobacco Use <sup>16</sup>						1,000
Deaths Attributed to Secondhand Smoke <sup>17</sup>						80 - 140
Smoking Attributable Medical Expenditures - in millions <sup>18</sup>						379
Smoking Attributable Productivity Loss - in millions <sup>19</sup>						715

# Tobacco Surveillance Data

\*Note: In 2011, the Behavior Risk Factor Surveillance System (BRFSS) began including cell phone-only users in sampling and the method of weighting the results was changed. This makes BRFSS results from 2010 and prior no longer comparable to 2011 and beyond.

<sup>1</sup> Adult current cigarette smoking defined as those who smoked cigarettes every day or some days of the past 30 days. Youth current cigarette smoking defined as the proportion of 9-12 grade students who have smoked cigarettes on at least one of the past 30 days.

<sup>2</sup> American Indian current smoking prevalence obtained from the North Dakota Behavior Risk factor Surveillance System (BRFSS) Calculated Variables Report. Data currently unavailable for smokeless tobacco use.

<sup>3</sup> The percent of women reporting smoking during the 1st trimester (North Dakota Vital Statistics). Beginning in 2020, percent of pregnant women reporting smoking anytime during pregnancy.

<sup>4</sup> Current smoking rate among low income adults (Earning less than \$15,000 per year). From the North Dakota BRFSS.

<sup>5</sup> Current smoking rate among adults having low education (defined as having less than a high school diploma or GED) from the North Dakota BRFSS.

<sup>6</sup> Adult chewing tobacco use defined as using chewing tobacco, snuff, or snus every day or some days of the 30 days before the survey. High School (grades 9-12) current smokeless tobacco use defined as using chewing tobacco, snuff, dip, snus, or dissolvable tobacco products on one or more of the 30 days before the survey.

<sup>7</sup> Adult and High School current cigar use defined as smoking cigars, cigarillos, or little cigars on one or more of the 30 days before the survey. Adult current cigar use from the North Dakota Adult Tobacco Survey (ATS) and High School (grades 9-12) current cigar use from the North Dakota Youth Risk Behavior Survey (YRBS).

<sup>8</sup> Adult current use of electronic cigarettes (used every day or some days of past 30 days) from North Dakota BRFSS and North Dakota Adult Tobacco Survey (ATS). Youth (youth in grades 9-12 who used at least one day of past 30 days) from North Dakota Youth Tobacco Survey (YTS) and North Dakota YRBS.

<sup>9</sup> For adults, any current tobacco use (used at least one day of the past 30 days) includes cigarettes, smokeless tobacco, or electronic cigarettes while for youth (grades 9-12), any current tobacco use includes cigarettes, cigars, smokeless tobacco, or electronic cigarettes.

<sup>10</sup> Ever tried electronic cigarettes for total adult population from the North Dakota BRFSS and for the total High School (grades 9-12) population from the North Dakota YRBS.

<sup>11</sup> Of current cigarette smokers in grades 9-12, the proportion who report first cigarette use before age 13 (YTS).

<sup>12</sup> Of current smokeless tobacco users in grades 9-12, proportion who reporting smokeless tobacco use before age 13

<sup>13</sup> Total number people enrolled in NDQuits is for state fiscal year (July-June) comes from NDQuits State Summary

<sup>14</sup> NDQuits quit rate is obtained from annual NDQuits Evaluation Reports and calculated using North American Quitline Consortium (NAQC) guidelines. They are for state fiscal year (July-June) and participants are considered to have quit if, 7 months after program registration, they report not using cigarettes or other forms of tobacco, including electronic nicotine delivery systems (ENDS), in the past 30 days (i.e. Thirty-day Point Prevalence Abstinence).

<sup>15</sup> The source for this tobacco tax-related policy question is the North Dakota Adult Tobacco Survey (ATS).

<sup>16</sup> North Dakota estimate of smoking-attributable deaths: CDC, Best Practices for Comprehensive Tobacco Control Programs—2014. This estimate is the annual average from 2005-2009, is among adults aged 35 years and older, and does not include burn or secondhand smoke deaths.

<sup>17</sup> Estimated range of deaths due to secondhand smoke exposure reported by the Campaign for Tobacco Free Kids

<sup>18</sup> Smoking attributable medical expenditures reported by the Campaign for Tobacco-Free Kids and are among adults aged 18 years and over.

<sup>19</sup> Smoking attributable productivity costs reported by the Campaign for Tobacco-Free Kids (CTFK). They are the annual average productivity costs from 2000-2004 reported by they CDC's SAMMEC (Smoking-Attributable Morbidity, Mortality, and Economic Costs) website updated to 2018 dollars.

†Respondents to the NDQuits 7-Month Follow-Up Survey were more likely to exhibit characteristics that are associated with higher levels of quitting (i.e. be older at intake, have a higher education level, be insured, and to use their first cigarette later after waking). This means the quit rate could be biased upward since a greater proportion of these groups of tobacco users were among survey responders compared to all program participants.

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February 11, 2025

9:30 am CST

House Finance and Taxation Committee for the 69<sup>th</sup> 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 1570, the bill to increase the tax on cigarettes and other forms of commercial tobacco. I've included several handouts with my testimony, including one explaining the many different types of commercial tobacco.

This year North Dakota observes the 32<sup>nd</sup> anniversary of the last time we raised the price of commercial tobacco in our state. In 1993, the tax rate was set at 44 cents per pack of cigarettes, making us 8<sup>th</sup> in the nation for tobacco tax rate. In the 32 years since that time, ND has gone from 8<sup>th</sup> to 49<sup>th</sup>, with the same 44 cents still being collected. Over three decades, medical costs and insurance premiums have increased, and the detriments of lost productivity and wages have been felt by many families in our state because of it, including my own.

According to the Dept. of Health Tobacco Surveillance Data Table in 2023 for North Dakota, tobacco use cost our state \$379 million in Smoking Attributable Medical Expenditures, and \$715 million in Smoking Attributable Productivity Loss. That is over a BILLION dollars annually in smoking related expenses to the state of North Dakota!<sup>i</sup> We simply have not been able to counteract that in North Dakota when it comes to the cost of commercial tobacco. And now is the time to correct that. Raising the excise tax, and creating parity, for all commercial tobacco products could help offset some of these costs for our taxpayers.

HB 1570 is also our chance to close the loophole for electronic tobacco and nicotine products, alongside other smokeless tobacco and nicotine products in North Dakota, treating them all equally with respect to taxation, so that we avoid creating product "winners and losers" in our policies. This makes good sense and provides the added benefit of protecting our kids, and providing funding for services for our citizens, and that creates a healthier state.

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 has to continue paying the price of commercial 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.”<sup>ii</sup>

The following organizations have signed TFND’s resolution of support for a tobacco price increase: Bismarck Tobacco Free Coalition, Blue Zones Projects Grand Forks, Cavalier County Board of Health, Cavalier County Commission, Carrington Area Healthy Communities Coalition, Grand Forks Tobacco Free Coalition, Legacy High Stop the Cloud, Langdon Prairie Health, Nelson-Griggs Board of Health, Olive Motherhood Foundation, Walsh County Board of Health, Walsh County Tobacco Free Coalition, Walsh County District Health, Walsh County Substance Use Prevention Coalition, and Western Plains Board of Health.

You are also receiving a highlight sheet from Stand Up for Youth – ND, a new coalition supporting this bill, whose members are listed on the back.

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 1570.

May I answer any questions at this time?

Heather Austin  
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<sup>i</sup> <https://www.hhs.nd.gov/health/community/tobacco/surveillance-data>

<sup>ii</sup> 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>.



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## Resolution of Support to Raise the Price of Tobacco Products in ND

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*Adopted by the Tobacco Free North Dakota Board of Directors August 26, 2024*

**Whereas** according to the 2020 US Surgeon General's Report on Smoking Cessation<sup>i</sup>, increasing tobacco excise taxes have proven highly effective in preventing initiation among youth, reducing tobacco use by promoting cessation among current users, discouraging relapse among former users, and reducing consumption among those who continue to use tobacco; and

**Whereas** the US Surgeon General's Report *The Health Consequences of Smoking—50 Years of Progress* found a 10% increase in cigarette price will provide a 3–5% reduction in overall cigarettes consumed<sup>ii</sup>; and

**Whereas** commercial tobacco use remains North Dakota's leading preventable cause of death, and commercial tobacco kills more people than alcohol, AIDS, car crashes, illegal drugs, murders, and suicides combined<sup>iii</sup>; and

**Whereas** 5.9% of youth in North Dakota use cigarettes, and 200 North Dakota children (under 18) become new daily smokers each year<sup>iv</sup>; and

**Whereas** 15.1% (89,715) of adults in North Dakota smoke and nearly 1,000 North Dakotans will die each year from smoking and smoking-related diseases, including 27% of cancer deaths in ND that are attributed to commercial tobacco use<sup>v</sup>; and

**Whereas** Electronic Nicotine Delivery Systems, or ENDS, products are not currently approved by the FDA as a cessation device; and

**Whereas** 21.2% of youth in North Dakota used ENDS products in the previous 30 days, many of whom using flavored products that have been marketed to kids by the tobacco industry<sup>vi</sup>; and

**Whereas** ENDS have little to no regulation around content and flavorings, and ENDS products are not currently taxed as tobacco products in North Dakota even though they deliver nicotine in the same way for the same purpose as other tobacco products; and

**Whereas** tobacco use in North Dakota imposes a severe economic burden, with smoking-caused direct healthcare costs amounting to \$379 million each year, smoking-caused productivity losses approximating \$715 million annually, and each household paying \$970 per year in state and federal taxes from smoking-caused government expenditures<sup>vii</sup>; and

**Whereas** each year, the North Dakota government Medicaid payments directly related to commercial tobacco use are \$61.1 million<sup>viii</sup>; and

**Whereas** the current cigarette tax of \$0.44 per pack, pipe tobacco and cigar tax at 28% of the

wholesale purchase price, and snuff tax at \$0.60 per ounce, ranking North Dakota one of the four cheapest tobacco states in the nation; and

**Whereas** the legislative body in North Dakota has rejected multiple pieces of legislation to increase our state's tobacco taxes since 1993; and defeated legislation as recently as 2021; and

**Whereas** the Tobacco Industry spends \$33.4 million each year marketing in ND and an undisclosed amount on lobbyists during the regular and interim sessions<sup>ix</sup>; and

**Whereas** this resolution addresses commercial tobacco, which is different from traditional tobacco used in American Indian spiritual and ceremonial practices.

Now therefore be it resolved, \_\_\_\_\_ supports increasing the tobacco tax in North Dakota as a proven way to prevent youth tobacco initiation, encourage a reduction of adult tobacco use, reduce health care costs, and provide an overall benefit to public health. Further, \_\_\_\_\_ endorses legislative efforts to reform North Dakota's tax on all tobacco products, including taxing ENDS as tobacco products.

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Name of Organization Representative

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Signature of Organization Representative

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Date

#### Sources:

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<sup>i</sup> Surgeon General's Report on Smoking Cessation <https://www.hhs.gov/sites/default/files/2020-cessation-sgr-full-report.pdf>

<sup>ii</sup> The Health Consequences of Smoking—50 Years of Progress  
[https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf\\_NBK179276.pdf](https://www.ncbi.nlm.nih.gov/books/NBK179276/pdf/Bookshelf_NBK179276.pdf)

<sup>iii</sup> 2021-2023 Synthesis Report page 10 [https://tfnd.org/wp-content/uploads/sites/26/2023/01/ND\\_TPCP\\_Synthesis\\_Report\\_FY23.pdf](https://tfnd.org/wp-content/uploads/sites/26/2023/01/ND_TPCP_Synthesis_Report_FY23.pdf)

<sup>iv</sup> ND Tobacco Dashboard <https://www.hhs.nd.gov/health/community/tobacco/surveillance-data>

<sup>v</sup> Bullets 9, 10, 13 CTFK Toll of Tobacco in ND [https://www.tobaccofreekids.org/problem/toll-us/north\\_dakota](https://www.tobaccofreekids.org/problem/toll-us/north_dakota)

<sup>vi</sup> Bullets 9, 10, 13 CTFK Toll of Tobacco in ND [https://www.tobaccofreekids.org/problem/toll-us/north\\_dakota](https://www.tobaccofreekids.org/problem/toll-us/north_dakota)

<sup>vii</sup> For tax rates and rejected legislation bullet points, Legislative Council. <https://ndlegis.gov/library-and-research/home>

<sup>viii</sup> For tax rates and rejected legislation bullet points, Legislative Council. <https://ndlegis.gov/library-and-research/home>

<sup>ix</sup> For tax rates and rejected legislation bullet points, Legislative Council. <https://ndlegis.gov/library-and-research/home>

## TESTIMONY IN SUPPORT OF HB 1570

Megan L. Schneider, EdD, RRT, TTS  
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Chairman Rep. Headland, and Vice Chairman Rep. Hagert, and distinguished members of the House Finance and Taxation Committee,

My name is Megan Schneider, and I currently serve as the President of the Bismarck Tobacco-Free Coalition. Additionally, I am a respiratory therapist, educator, and Tobacco Treatment Specialist with nearly a decade of experience in the field of respiratory care.

I appreciate the opportunity to testify in strong support for raising North Dakota's tobacco tax by \$1.09, bringing the total tax to \$1.53 per pack. This policy change is an urgent and necessary step to protect public health, particularly for our youth and young adults.

North Dakota's tobacco tax has not been raised since 1993, making it the second lowest in the nation. As a result, the affordability of cigarettes and other tobacco products continues to contribute to high rates of youth tobacco use. Research has consistently shown that increasing tobacco taxes is one of the most effective strategies to reduce smoking, particularly among young people. A study published in *Scientific Reports* found that tobacco tax hikes significantly decrease adolescent smoking rates, with immediate deterrent effects. Additionally, findings from *BMC Public Health* confirm that higher cigarette prices and taxes correlate directly with lower smoking prevalence among young adults aged 18 to 24.

The benefits of raising the tobacco tax extend beyond reducing youth smoking. *The American Journal of Public Health* found that state-level tax increases are effective across diverse populations, reducing overall smoking rates regardless of gender, socioeconomic status, or racial background. Furthermore, the U.S. Surgeon General has consistently emphasized that increasing the price of cigarettes is among the most powerful tools to prevent youth initiation and encourage cessation among current smokers.

In conclusion, I urge you to take action to increase the price of tobacco products in North Dakota. It is an essential step in reducing tobacco use, improving public health, and protecting future generations. I appreciate your consideration of this important issue, and I am confident that this measure will have a positive impact on our state's health and prosperity. Please vote yes on HB 1570.

Thank you for your time and consideration.

### **References:**

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House Bill 1570  
House Finance and Taxation Committee – Representative Craig Headland, Chair  
February 12, 2025  
Testimony in Support of HB 1570

Chairman Headland and Members of the Committee, thank you for this opportunity to present testimony in strong support of HB 1570. I am Vicki Voldal Rosenau, a concerned citizen, parent, and lifelong resident of Valley City, ND.

In the capitol's halls this winter, there has been much talk of government's intervening in various ways to protect the safety and welfare of our children and teenagers. But most of the proposed actions are entirely unproven and highly controversial.

In contrast, HB 1570 presents all lawmakers with a golden opportunity to get behind a youth-protective intervention that has long been proven effective.

That's because simply increasing North Dakota's tobacco tax assuredly will cause fewer kids to ever become addicted to the most-addictive and deadly substance that isn't illegal. The tax hike delineated in HB 1570 will also result in more adults deciding to quit. Furthermore, the salutary effects of this legislation will both reduce the state's healthcare costs AND generate new revenue that can be used to fund vital healthcare and disease-preventing work.

Scores of solid, peer-reviewed studies have proven the tremendous life-saving power of significant increases in tobacco taxes. I encourage this Committee to unanimously recommend "Do Pass" for HB 1570.

Thank you for your consideration.  
Vicki Voldal Rosenau  
Valley City, ND



**TESTIMONY IN SUPPORT OF HB 1570**

Kayla Tiffany

Bismarck, North Dakota

kaylatiff@icloud.com

Chairman Rep. Headland, and members of the Finance and Taxation Committee. My name is Kayla Tiffany, vice president of Stop the Cloud, Legacy High School tobacco prevention club. I am here to provide testimony in support of House Bill 1570.

During the COVID-19 pandemic, my grandmother was diagnosed with lymphoma cancer and COPD; she was put on hospice care in her home. She was a smoker all her life. We spent months traveling back and forth from Bismarck and Montana to help my grandfather take care of her. After a few months, my grandfather was diagnosed with throat cancer, caused by smoking cigars and cigarettes for most of his life. He was told he would have to have throat surgery to remove his voicebox. Since he could not take care of my grandmother during his recovery time, my parents decided to move her into our home. She was in our house for 3 weeks before she died in a hospital bed in our living room. After my grandpa's surgery, he continued cancer treatments until he rang the bell and was cancer-free. Unfortunately, less than 5 months later, the cancer was back. There was nothing the doctors could do for him. He was put on hospice care in my home. His throat was eaten away by cancer and you could see right into his throat. After a few months, he died in my living room, in the same place and way his wife had.

After experiencing this, I decided to become an advocate for tobacco-free lifestyles. I am now vice president of Stop the Cloud, the tobacco prevention group at Legacy High School here in Bismarck.

Students need to be involved in groups like Stop the Cloud because it allows them to become involved in a place where they spend 5 out of 7 days of their week for 12 years. Around 50% of the time I walk into a bathroom at school, I can smell the secondhand smoke of an e-cigarette. We have had bathrooms shut down in our school to try to prevent this but it has only pushed them into the bathrooms that cannot be closed.

If the tax on tobacco products is raised, it would make people, especially the younger generation, think twice about buying tobacco products. It would help people throughout North Dakota start living a tobacco-free life, a life where they save money and stay healthy.

Please support HB 1570 because the rise of the tobacco tax will help protect our future generations. We have made great strides in our community by reducing tobacco use rates and protecting individuals from secondhand smoke. I ask the Finance and Taxation Committee to vote Yes on HB 1570. Thank you. This concludes my testimony.

## WRITTEN TESTIMONY IN SUPPORT OF HB 1570

Prepared for the House Finance and Taxation Committee

Hearing Date: February 12, 2025

Committee Chairman Representative Headland and members of the House Finance and Taxation Committee. My name is Joan Enderle, Chair of the North Dakota Advocacy and Engagement Committee, American Heart Association. I am submitting written testimony to request your support for House Bill 1570, which aims to elevate the tax on commercial tobacco and establish equal taxation across all tobacco products.

Excise taxes are effective in reducing smoking. And will raise revenue! With North Dakota's cigarette tax at only \$0.44 per pack (49th in the country), much lower than the national average of \$1.97, and unchanged since 1993, this bill is a vital step to reduce smoking rates.

My primary objective is to protect our youth from nicotine addiction and the habit of using commercial tobacco products. Since the majority of adult smokers begin their habit before turning 18, implementing tobacco taxes is a proven method to deter young people and young adults from starting.

As a healthcare provider working in a community hospital for 24 years, I saw the negative impacts of tobacco use/addiction including heart disease, cancer and lung disease. Tremendous medical costs and lives lost.

House Bill 1570 is a triple win for the citizens of North Dakota – Reduction in youth tobacco/vaping, increased revenue and will reduced healthcare costs.

It's crucial that we take stronger measures to safeguard our youth, and HB 1570 is a step in that vital direction. I strongly encourage your support!

Joan Enderle, MBA, RD

Chair, ND Advocacy and Engagement Committee of America Heart Association  
Jamestown, ND

WRITTEN TESTIMONY IN SUPPORT OF HB 1570

HEARING DATE- February 12, 2025- 9:30am

JANET MAXSON PHD, FNP-C, MS

-

Committee Chair and Members: My name is Janet Maxson. I am a resident of Minot, North Dakota and am a nurse/ PHD Family Nurse Practitioner. I have had the privilege of caring for the health of the people of North Dakota since 1975. I have seen the devastating and costly health issues from tobacco products. The tobacco toxins cause heart, cancer, lung and other diseases and deaths from exposure and usage. Our children's health, who are unable to control their right to clean air, are exposed to those who choose to smoke, vape or chew tobacco products. The addiction and health concerns to these products is a health policy we can impact with legislation.

Studies show that an increase in cost of tobacco products through taxation does decrease usage. The wish is for a Healthier North Dakota for all. Addiction to these products is a health policy we can impact with legislation.

Please support HB 1570 for an increase in taxation of these lethal products for our great state.

THANK-YOU,

Janet Maxson PHD, FNP, MS, FAHA, FNLA  
District 3  
6 9<sup>th</sup> ST SE  
Minot, ND 58701

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HB 1570  
House Finance and Taxation Committee  
February 12, 2025  
Katie Fitzsimmons | [cashmankatie@gmail.com](mailto:cashmankatie@gmail.com)

Chair Headland and members of the committee, my name is Katie Fitzsimmons and I am a proud board member of Tobacco Free North Dakota. For my day job, I work in substance misuse prevention in higher education and serve on the Drug Free Communities Committee through Burleigh-Morton Behavioral Health Coalition. But most importantly, I am the mother of three children that I desperately want to protect from the dangers of every form of tobacco and nicotine. I care a whole lot about our youth making the best decisions they can in regard their health and wellness not only because I see the benefits, but I wish I had done the same. I'm glad I haven't smoked in over 13 years, but I wish I didn't have to tick the "former smoker" box at the doctor's office.

No one wants to see taxes increase and certainly even fewer legislators will want to vote for such a thing. However, in this case, this is one area where North Dakota needs to keep up with the Joneses. The average per-pack tobacco tax in the United States rings in at \$1.97 and ours is embarrassingly and comically low at only \$.44. Further embarrassing, we only classified e-cigarettes as tobacco products last session, yet we still do not tax those products accordingly. Much like cost of living adjustments every year, this tax should be adjusted regularly and yet, it hasn't budged since 1993; 32 years ago! The cost of a dozen eggs was \$.90 in 1993; now the national average is \$7.09 per dozen. By that same math, North Dakota's tobacco taxes should be \$3.02 per pack; a 687% increase. Raising it to \$1.53 would be a great start to tackling this issue that costs North Dakotans \$379 million per year in healthcare costs.

Inflation aside, the most important aspect to raising the tobacco tax is that doing so will absolutely result in less youth using these harmful and highly addictive products. In my work, I have watched, with great celebration, youth smoking rates decrease as education, awareness, and enforcement increased. Yet vapes and pouches are soaring in popularity and accessibility, all under the ruse that those products are less harmful; a message reinforced by the lack of parity with other tobacco products. It's time to send a clear message to youth and all users of these products: these things are as harmful and addictive as other forms of tobacco (even more so!) and simply not worth your time and treasure. Raising the tax will keep these products out of reach for some of our most vulnerable youth.

This bill will reduce our state's costs, improve the health and vitality of so many citizens, and it will assuredly save lives. I strongly urge you to promote health and wellness in our state with a Do Pass recommendation and a green light on the floor. I thank each of you for your service to the state and your consideration for this important issue.

Greetings!

I am reaching out today to request your support for House Bill 1570, which aims to elevate the tax on commercial tobacco and establish equal taxation across all tobacco products.

While this bill certainly aims to boost revenue, its broader objective is to protect our youth from nicotine addiction and the habit of using commercial tobacco products. Since the majority of adult smokers begin their habit before turning 18, implementing tobacco taxes is a proven method to deter young people and young adults from starting.

As a former North Dakota Quitline Counselor, it is imperative to continue making tobacco use and related products unattractive to potential new and existing users due to the well-established research on its harmfulness.

With a current rate of just \$.44 per pack, North Dakota's cigarette tax ranks 49th nationwide and is significantly below the average U.S. state cigarette tax, which is \$1.97 per pack. The last increase in North Dakota's cigarette tax was in 1993.

It's crucial that we take stronger measures to safeguard our youth, and HB 1570 is a step in that vital direction. I strongly encourage your support!

Thank you!

Written testimony not in favor of

HB1570

Date of hearing : 02/12/2025

Albert Mata

Committee chair and members of the committee , I am a resident of Dilworth , Minnesota and a user of vape products.

I submit this testimony not in favor of this HB 1570. I like many other

E - cigarette users wont stand for a tax increase like this. This tax will

Not be good for users like my self . I already have to pay some crazy prices for these products. If taxes go up I will no longer be able to keep a vice of my liking . These other testimonies will tell you that an increase on these products will help keep the youth from getting ahold of these products. I disagree .Our youth are already getting more harmful products from outside markets like beer, liquor, and drugs. I dont see a house bill to increase taxes on liquor and beer. the house bill to increase taxes on these products will also make me look else where for these products at my own risk. Many people will also say a tax increase is needed to help fund more things. The people providing these products already pay taxes to the state and city. Increase on tobacco products will cause disadvantages like job losses, and lower government revenue. Higher taxes will cause an increase in smuggling as well.

Thank for listening .



**O.K. Distributing Co., Inc.**

P.O. Box 1252  
522 14<sup>th</sup> Avenue West  
Williston, ND 58802-1252  
Phone: 701-572-9161  
Email: kellyk@okdist.com

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February 12, 2025

Dear Chairman Headland and Members of the Committee,

My name is Kelly Kaiser. I am from Williston and the owner of O.K. Distributing Co. We are a cigarette and tobacco wholesaler that has served Northwest North Dakota for 70 years. I employ 28 people in Williston and am the 3<sup>rd</sup> generation owner of this company. I am writing to express my strong **OPPOSITION** to House Bill 1570. While I understand the intent behind this legislation, this bill would significantly alter the tobacco market in North Dakota, and not necessarily for the better. The consequences of such a dramatic tax increase may be unpredictable, and the results may surprise all of us.

One of the biggest concerns with HB 1570 is that it creates an unfair playing field for North Dakota retailers. With tax-free options just minutes away from Williston, many consumers will naturally shift their purchases to tribal outlets where state taxes do not apply. As a result, while some revenue may be generated, it will likely fall far short of expectations, as a portion of sales will move to businesses that are not subject to these taxes.

Additionally, this bill would open the door for individuals to transport tobacco from non-taxed businesses to private individuals and other retailers, further eroding the intended revenue gains. Instead of strengthening state resources, it will simply shift where tobacco products are purchased while harming local retailers—many of them small, family-owned businesses—suffer.

Furthermore, increasing taxes on tobacco and electronic nicotine delivery systems (ENDS) could have unintended consequences, including discouraging adult smokers from seeking less harmful alternatives. Rather than relying on tax hikes that could negatively impact businesses and consumers, I urge lawmakers to consider other approaches, such as education and cessation programs, to address public health concerns.

In conclusion, HB 1570 is not the right approach for addressing tobacco use and public health in North Dakota. I urge you to give a **“DO NOT PASS” recommendation on HB 1570** and seek alternative measures that balance public health goals with economic and consumer freedoms. Thank you for your time and consideration.

Respectfully,

Kelly Kaiser  
Williston, ND

**House Finance and Taxation Committee**  
**HB 1570**  
**February 12, 2025**  
**Representative Craig Headland, Chair**

Chairman Headland and Members of the House Finance and Taxation Committee, I am writing in support of HB 1570. For 17 years I have been educating youth on the negative effects of tobacco and nicotine use. Frequently, after elementary students hear how bad tobacco and nicotine use is, they ask why the government does not make cigarettes and vapes illegal. It is hard to explain to children why our government is not doing more to protect them. But, voting yes on HB 1570 is your chance to do more.

During student presentations I often ask students to raise their hands if they have ever been offered a vape. Last week I had approximately 22% of 3<sup>rd</sup> graders and 35% of 4<sup>th</sup> graders in one school report they had been offered vapes. Last fall, we had 2<sup>nd</sup> graders tell us that when they were in preschool they were offered vapes. Elementary students share a lot of stories with me, and what I hear is concerning. It is alarming and heartbreaking that youth are vaping at such young ages (or at all). Many of these flavorful products contain high levels of nicotine so they are very easy to get addicted to.

Raising the price of tobacco and nicotine products has been shown to decrease youth initiation of tobacco products. We need to do more to protect our youth from the harmful effects of tobacco and nicotine. Voting yes on HB 1570 is a step in the right direction. Thank you, chairman and committee, for your time and consideration.

Respectfully,  
Sharon Laxdal, RN

## Cigarette Tax Increases That Deliver: \$1.00 or More Per Pack are Needed to Ensure a Public Health Impact

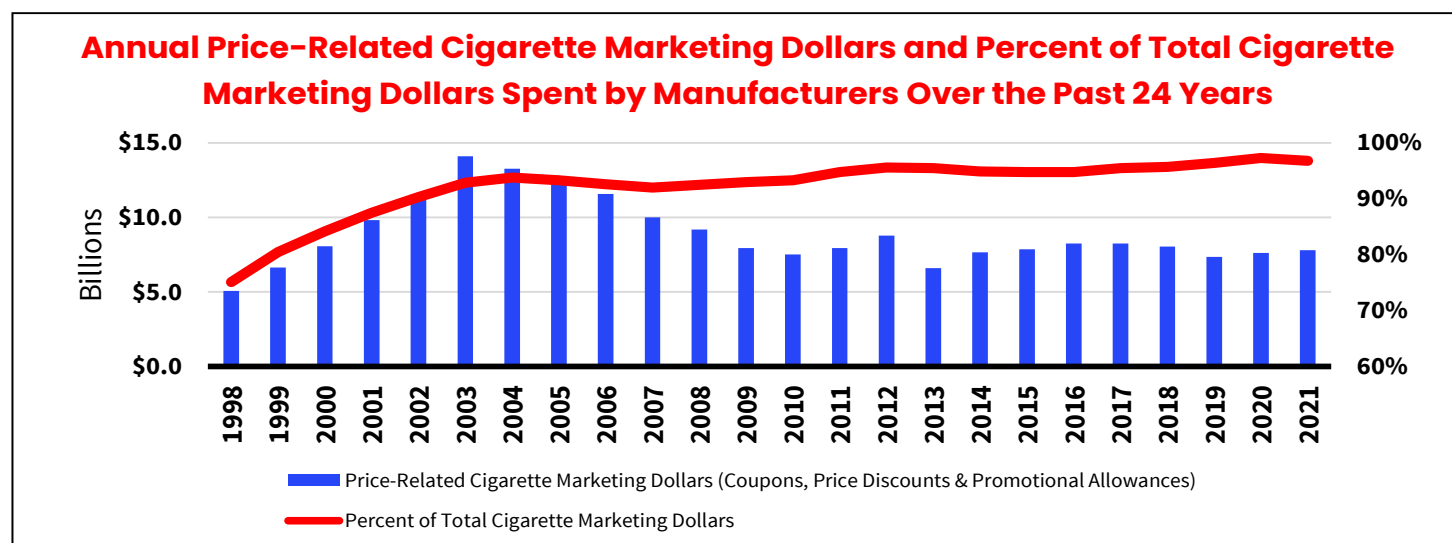
The American Cancer Society Cancer Action Network (ACS CAN) supports a comprehensive approach to tobacco control that includes significantly increasing excise taxes on all forms of tobacco. Regular, significant excise tax increases of \$1.00 or more per pack of cigarettes are one of the most effective ways to prevent kids from starting to use cigarettes and to help adults quit. Tobacco excise taxes can also reduce tobacco-related health disparities among people with limited incomes, pregnant persons and among racial and ethnic populations.<sup>i,ii,iii</sup>

## To Discourage Cigarette Use Excise Tax Increases Must be High Enough to Impact Price

In order for cigarette excise tax increases to help people quit and prevent youth from ever starting the increases must be large enough to significantly impact the price of cigarettes for consumers. While cigarette excise tax increases of smaller amounts may generate small amounts of additional revenue, they fail to significantly reduce tobacco use.

## The Tobacco Industry Uses Coupons and Discounts to Actively Undermines Excise Tax Increases

The goal of tobacco companies is to protect profits by getting and keeping people addicted to tobacco.<sup>iv</sup> Significant increases to cigarette excise taxes run counter to this goal. Therefore, when cigarette excise taxes are increased, major tobacco companies flood the market with coupons and discounts, such as “buy-one-get-one-free” offers, to keep the overall cost of tobacco products low discourage consumers from quitting. In fact, the tobacco industry now spends most of its marketing dollars on price-reducing tactics known to be most appealing to individuals with limited-income and other price-sensitive individuals, like kids.<sup>v</sup>



Significant excise tax increases of at least \$1.00 or more per pack of cigarettes are needed to prevent these price-reducing tactics and achieve the public health goal of reducing tobacco use. Cigarette excise tax increases of less than \$1.00 per pack allow the industry to easily offset any price hikes with coupons, discounts, and other price-lowering sales promotions.

In the last 24 years, the percent of total cigarette marketing dollars spent by the industry on all its price-reducing tactics has grown significantly. In fact, in 2021 the two largest spending categories for cigarette marketing were retail and wholesale price discounts – despite the total number of cigarettes sold reducing by 6.7% in 2021 from 2020. Payments to retailers and wholesalers for price discounts and promotional allowances combined totaled \$7.65 billion, or 94.9% of all cigarette marketing dollars in 2021.<sup>vi</sup> Tobacco manufacturers continue to rely heavily on price-reducing tactics to not only undermine tobacco excise tax increases, but research has shown these strategies also encourage smoking initiation and hinder smoking cessation attempts.<sup>vii,viii</sup>



## ACS CAN's Position

Increases in cigarette excise taxes of at least \$1.00 per pack will ensure a public health impact of reducing tobacco use is achieved, despite industry attempts to offset price increases and keep prices low. Increases higher than \$1.00 per pack can deliver health and revenue benefits for the state. ACS CAN recommends directing new tobacco excise tax revenues to fund fact-based tobacco prevention and cessation programs to further amplify the public health benefits of the excise tax increase. Lastly, there should be tax parity for all tobacco products, including e-cigarettes, pipe tobacco, cigars, snus, hookah and all other smokeless tobacco products.

<sup>i</sup> The Community Guide. Tobacco Use: Interventions to Increase the Unit Price for Tobacco Products. November 2012. Retrieved from <https://www.thecommunityguide.org/findings/tobacco-use-interventions-increase-unit-price-tobacco>.

<sup>ii</sup> Centers for Disease Control and Prevention (CDC). Response to increases in cigarette prices by race/ethnicity, income, and age groups--United States, 1976-1993. *MMWR Morb Mortal Wkly Rep*. 1998 Jul 31;47(29):605-9. PMID: 9699809.

<sup>iii</sup> Ringel, J.S., and Evans, W. "Cigarette Taxes and Smoking During Pregnancy," *Am J Public Health*, 2001 November; 91(11): 1851-1856. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1446890/>.

<sup>iv</sup> For a review of how tobacco companies view the corporate impact of cigarette tax increases, see: Campaign for Tobacco-Free Kids: "Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (and the Cigarette Companies Know it)." Updated March 15, 2021. <https://www.tobaccofreekids.org/assets/factsheets/0146.pdf>.

<sup>v</sup> Regarding the effect of price discounts on population segments, see: Xu, X., Wang, X., Caraballo, R. "Is Every Smoker Interested in Price Promotions? An Evaluation of Price-Related Discounts by Cigarette Brands," *J Public Health Management Practice*, 2016, 22(1), 20-28.

<sup>vi</sup> U.S. Federal Trade Commission (FTC), Cigarette Report for 2021, January 2023, [https://www.ftc.gov/system/files/ftc\\_gov/pdf/p114508cigarettereport2021.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/p114508cigarettereport2021.pdf) [data for top 4 manufacturers only: Altria Group, Inc.; ITG Holdings USA Inc.; Reynolds American, Inc.; and Vector Group Ltd.].

<sup>vii</sup> Wang Y, Duan Z, Weaver SR, Self-Brown SR, Ashley DL, Emery SL, Huang J. The Short-Term and Long-Term Associations Between Receiving Tobacco Discounts or Coupons and Smoking Cessation Among U.S. Adult Cigarette Smokers With Intention to Quit. *Nicotine Tob Res*. 2023 Mar 22;25(4):699-708. doi: 10.1093/ntr/ntac216. PMID: 36124654; PMCID: PMC10032185.

<sup>viii</sup> Liber AC, Sánchez-Romero LM, Cadham CJ, Yuan Z, Li Y, Oh H, Cook S, Warner KE, Henriksen L, Mistry R, Meza R, Fleischer NL, Levy DT. Tobacco Couponing: A Systematic Review of Exposures and Effects on Tobacco Initiation and Cessation. *Nicotine Tob Res*. 2022 Oct 17;24(10):1523-1533. doi: 10.1093/ntr/ntac037. PMID: 35143678; PMCID: PMC9575981.

American Cancer Society Cancer Action Network | 655 15th Street, NW, Suite 503 | Washington, DC 20005

@ACSCAN | @ACSCAN | [fightcancer.org](https://fightcancer.org)

Updated 7.07.23

Chairman Headland and members of the House Finance and Taxation Committee:

House Bill 1570 is a bill that follows the CDC's Best Practices for Comprehensive Tobacco Control Programs. Raising the price of tobacco is Best Practice in preventing youth from starting to use tobacco products; and getting youth and adults to quit tobacco.

The last time North Dakota increased the tax on tobacco was over thirty years ago in 1993.

HB 1570 would:

- increase the tax on cigarettes to \$1.53 per pack (equal to South Dakota)
- increase the tax on a can of snuff from 60 cents per ounce to \$1.96 per ounce
- increase the tax on chewing tobacco from 16 cents per ounce to 52 cents per ounce.
- tax on electronic smoking devices and alternative tobacco products at 56% of the wholesale price.

The increased tax is estimated to generate \$24.15 million in new annual revenue. HB 1570 proposes dedicating a portion of the tax revenue to a new fund – the tobacco tax distribution behavioral health fund – to provide depression and anxiety behavioral health services. This would help North Dakota youth whose tobacco use (including vapes), increases their rates of anxiety and depression.

The average tobacco tax in the United States is \$1.97 per pack. North Dakota's tax is 44 cents per pack, almost last in the nation.

Rates in the states surrounding us are as follows:

Minnesota: \$3.04 per pack

Montana: \$1.70 per pack

South Dakota: \$1.53

Costs to North Dakota and North Dakotans:

Annual health care costs in North Dakota caused by smoking: \$379 million

Medicaid costs caused by smoking in North Dakota: \$61.1 million

Taxpayer burden in North Dakota: \$910 per household

Smoking caused lost productivity in North Dakota: \$715 million

Impacts of a \$1.53 per pack rate:

- 500 youth from becoming adults who smoke
- encourage 1,700 adults who smoke to quit
- save the state \$320,000 in Medicaid spending over the next five years and \$28.55 million in long-term health care costs
- prevent 400 smoking-caused premature deaths.

Thank you,

Nancy Neary

Director of Tobacco Prevention  
Central Valley Health District  
Jamestown, North Dakota

**Written Testimony in Support of: HB 1570**

Date of Hearing: February 12

Shilo Virginia Previti, Policy Lead with Blue Zones Project Grand Forks

Committee Chair and members of the committee,

My name is Shilo Previti. I am a resident of Grand Forks, ND. I am in support of this bill HB 1570 because it will help to decrease the risk of lung cancer, heart disease, COPD, especially for the youth in our state.

The American Lung Association, Cancer Association and Heart Association all support this bill because it aligns with best practices to include nicotine pouches in the definition of alternative tobacco products and increase the tax ratio on commercial tobacco products in order to raise revenue while simultaneously reducing health care cost throughout the state and improving health and well-being for all residents, including youth.

Here are some additional data points I find particularly compelling, which have motivated me to submit testimony in favor of this bill:

- At only \$.44 per pack, North Dakota's tax on cigarettes is 49th in the country and much lower than the average state cigarette tax at \$1.97 per pack.
- North Dakota has not raised the tax on cigarettes since 1993, and electronic nicotine products are not currently included in ND's excise tax structure.
- 13.3% of ND adults currently smoke cigarettes and 18.2% of ND high schoolers currently use Electronic Nicotine Delivery Systems.
- ND's annual tobacco excise tax revenue is only approximately \$23M, while ND's tobacco-related Medicaid expenditures alone costs ND taxpayers over \$61M.

In closing, I urge you to recommend a **do pass** on HB 1570.

Thank you for your time, Committee Chair and members of the committee.

Take care,

Shilo Virginia Previti



Steiner  
1570

## NEW REVENUES, PUBLIC HEALTH BENEFITS & COST SAVINGS FROM A \$2.00 CIGARETTE TAX INCREASE IN NEBRASKA

- The current state cigarette tax is \$0.64 per pack (42<sup>nd</sup> among all states and DC).
- Annual health care expenditures in Nebraska directly caused by tobacco use are \$924 million.

### **Projected New Annual Revenue from Increasing the Cigarette Tax by \$2.00 Per Pack: \$73.37 million**

New Annual Revenue is the amount of additional new revenue the first full year the tax increase is in effect. The state will collect less new revenue if it fails to apply the rate increase to all cigarettes and other tobacco products held in wholesaler and retailer inventories on the effective date.

Projected Public Health Benefits for Nebraska from the Cigarette Tax Rate Increase	
<b>Percent decrease in youth (under age 18) smoking:</b>	<b>15.0%</b>
<b>Youth under age 18 kept from becoming adults who smoke:</b>	<b>2,800</b>
<b>Reduction in young adults who smoke (18-24 years old):</b>	<b>500</b>
<b>Current adults who smoke who would quit:</b>	<b>8,000</b>
<b>Premature smoking-caused deaths prevented:</b>	<b>2,700</b>
<b>5-Year reduction in the number of smoking-affected pregnancies and births:</b>	<b>900</b>
<b>5-Year health care cost savings from fewer smoking-caused lung cancer cases:</b>	<b>\$1.35 million</b>
<b>5-Year health care cost savings from fewer smoking-affected pregnancies and births:</b>	<b>\$2.17 million</b>
<b>5-Year health care cost savings from fewer smoking-caused heart attacks &amp; strokes:</b>	<b>\$900,000</b>
<b>5-Year Medicaid program savings for the state:</b>	<b>\$1.84 million</b>
<b>Long-term health care cost savings from adult &amp; youth smoking declines:</b>	<b>\$140.06 million</b>

1.12.24 ACS CAN / January 23, 2024

- Small tax increase amounts do not produce significant public health benefits or cost savings because the cigarette companies can easily offset the beneficial impact of such small increases with temporary price cuts, coupons, and other promotional discounting. Splitting a tax rate increase into separate, smaller increases in successive years will similarly diminish or eliminate the public health benefits and related cost savings (as well as reduce the amount of new revenue).
- Raising state tax rates on other tobacco products (OTPs), including e-cigarettes, to parallel the increased cigarette tax rate will bring the state additional revenue, public health benefits, and cost savings (and promote tax equity). With unequal rates, the state loses revenue each time someone who smokes cigarettes switches to other tobacco products taxed at a lower rate. To parallel the new \$2.64 per pack cigarette tax, the state's new OTP tax rate should be 40% of the wholesale price with minimum tax rates for each major OTP category linked to the state cigarette tax rate on a per-package or per-dose basis. The state's new e-cigarette tax rate should be 24% of the retail price.



## **Explanations & Notes**

Health care costs listed at the top of the page are from the U.S. Centers for Disease Control and Prevention (CDC). Annual health care expenditures in Nebraska directly caused by tobacco use are in 2018 dollars and are based on the CDC's 2014 *Best Practices for Comprehensive Tobacco Control Programs*.

Projections are based on research findings that nationally, each 10% increase in the retail price of cigarettes reduces youth smoking by 6.5%, young adult prevalence by 3.25%, adult prevalence by 2%, and total cigarette consumption by about 4% (adjusted down to account for tax evasion effects). However, the impact of the tax increase varies from state-to-state, based on the starting pack price. Significant tax increases generate new revenues because the higher tax rate per pack brings in more new revenue than is lost from the tax-related drop in total pack sales.

The projections also incorporate the effect of ongoing background smoking declines, population distribution, and the continued impact of any industry pricing changes, state cigarette tax increases, or other changes in cigarette tax policies on prices, smoking levels, and pack sales.

These projections are fiscally conservative because they include a generous adjustment for lost state pack sales (and lower net new revenues) from possible new smuggling and tax evasion after the rate increase and from fewer sales to people who smoke or smugglers from other states, including sales on tribal lands. For ways that the state can protect and increase its tobacco tax revenues and prevent and reduce contraband trafficking and other tobacco tax evasion, see the Campaign for Tobacco-Free Kids (CTFK) factsheet, *State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion*, <https://www.tobaccofreekids.org/assets/factsheets/0274.pdf>.

Projected numbers of youth prevented from smoking and dying are based on all youth ages 17 and under alive today. Projected reduction in young adults who smoke refers to young adults ages 18-24 who would not start smoking or would quit as a result of the tax increase. Savings to state Medicaid programs include estimated changes in enrollment due to the expiration of pandemic-related federal legislation prohibiting states from removing enrollees. Long-term cost savings accrue over the lifetimes of persons who stop smoking or never start because of the tax rate increase. All cost savings are in 2024 dollars.

Projections for cigarette tax increases much higher than \$1.50 per pack are limited, especially for states with relatively low current tax rates, because of the lack of research on the effects of larger cigarette tax increase amounts on consumption and prevalence. While cigarette tax rate increases of more than \$1.50 will bring in more revenue and provide greater public health benefits than smaller projections, due to limitations of the model and available research, the projections included on this sheet may be less precise than for projections for lesser amounts. Projections for cigarette tax increases much lower than \$1.00 per pack are also limited because small tax increases are unlikely to produce significant public health benefits.

Ongoing reductions in state smoking rates will, over time, gradually erode state cigarette tax revenues, in the absence of any new rate increases. However, those declines are more predictable and less volatile than many other state revenue sources, such as state income tax or corporate tax revenues, which can drop sharply during recessions. In addition, the smoking declines that reduce tobacco tax revenues will simultaneously produce much larger reductions in government and private sector smoking-caused health care and other costs over time. See the CTFK factsheet, *Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue*, <https://www.tobaccofreekids.org/assets/factsheets/0303.pdf>.

The projections in the table on this fact sheet were generated using an economic model developed jointly by Tobacconomics, the Campaign for Tobacco-Free Kids, the American Cancer Society Cancer Action Network, and are updated annually. The projections are based on economic modeling by researchers with Tobacconomics: Frank Chaloupka, Ph.D., and John Tauras, Ph.D., at the Institute for Health Research and Policy at the University of Illinois at Chicago, Jidong Huang, Ph.D., at Georgia State University, and Michael Pesko, Ph.D., at the University of Missouri. The state Medicaid cost savings projections, when available, are based on enrollment and cost estimates by Gideon Lukens at the Center on Budget and Policy Priorities using data from the Centers for Medicare and Medicaid Services.

For other ways states can increase revenues (and promote public health) beyond just raising cigarette tax rates, see the CTFK factsheet, *The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs*, <https://www.tobaccofreekids.org/assets/factsheets/0357.pdf>.

***Additional information and resources to support tobacco tax increases are available at:***

***<https://www.tobaccofreekids.org/what-we-do/us/state-tobacco-taxes/fact-sheets>***

***<http://fightcancer.org/tobacco/taxes/>***

***<http://tobacconomics.org/>***

***For more on sources and calculations, see <https://www.tobaccofreekids.org/assets/factsheets/0281.pdf> or <https://www.fightcancer.org/policy-resources/state-tobacco-tax-increases-explanations-and-sources-projections-new-revenues>.***

### **2023 Session**

- The definition of "snuff" was updated to indicate that it includes tobacco that is intended to be placed in the mouth or nose.
- Legislation was passed to allow for the annual certification of cigar lounges. A cigar lounge must meet an annual threshold whereby at least 15% of their total sales must come from the sale of cigars.
- Cigarette and tobacco law was expanded to include electronic smoking devices. While there are no tax implications at this time, changes included:
  - Adding and updating definitions for "electronic smoking device", "outlet", "place of business", "retailer", "dealer", and "distributor".
  - Expanded licensure requirement for distributors and dealers and made it illegal to sell electronic smoking devices without a license.
  - Updated the record keeping and reporting requirements of distributors to include electronic smoking devices.
  - Expanded the record retention time period from one year to three years.

### **2021 Session**

- No changes with regards to tax administration for cigarette and tobacco products.

### **2019 Session**

- New legislation authorizes the governor, in consultation with the tax commissioner, to enter into an agreement with any, or all of, the five North Dakota Indian Tribes for administration of tribal wholesale taxes on cigarette, tobacco and alcoholic beverages and gross receipts tax on retail sales of alcoholic beverages.

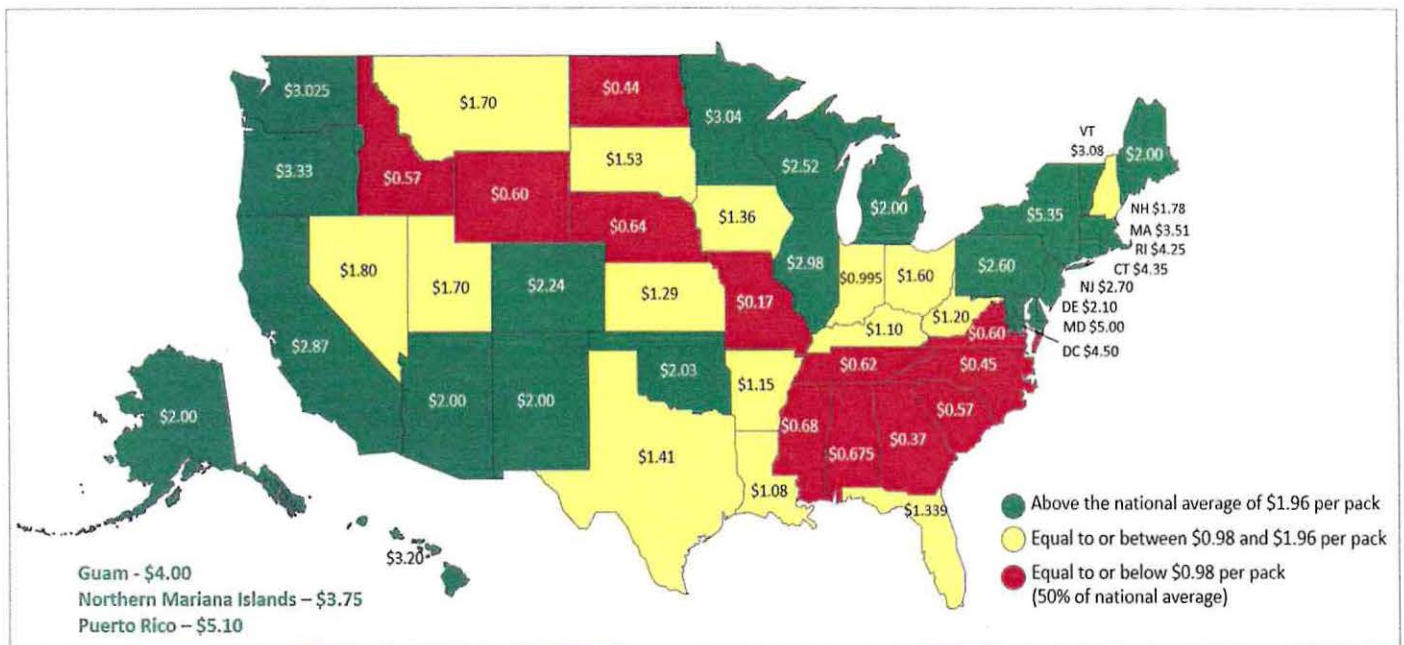
### **2015 Session**

- Provisions were added to define electronic smoking devices and alternative nicotine products, while prohibiting sales to minors and requiring child resistant packaging for liquid nicotine products.

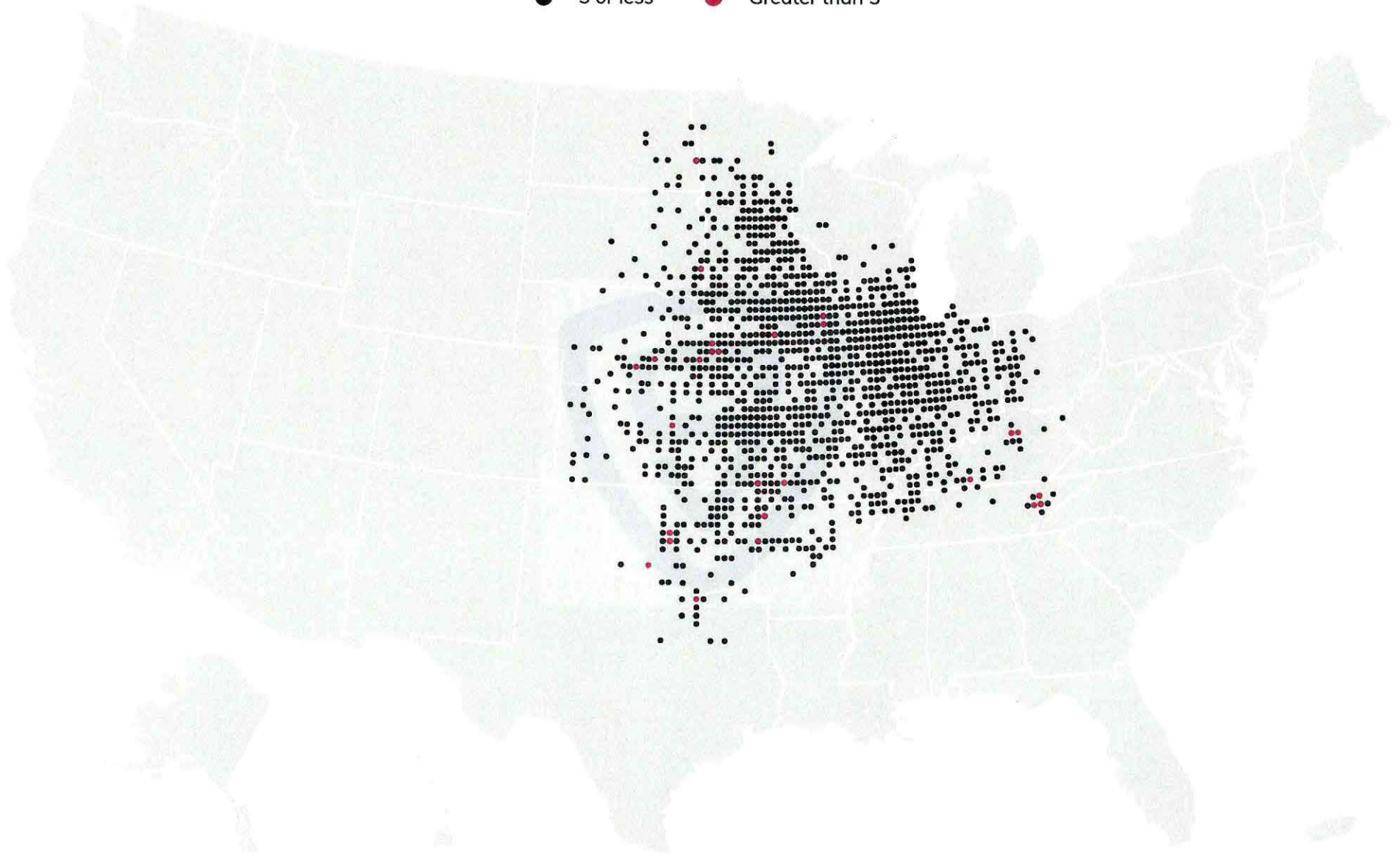
### **2013 Session**

- Provisions were added to define a cigarette-making machine and to establish conditions on its ownership, operation, and use.





● 5 or less    ● Greater than 5



## Casey's store locations in the USA

Each grid point covers 10-mile radius with at least one location

Source: ScrapeHero.com



## Top 10 States and Territories with the most Caseys stores

### Iowa

**560 (21%)**

A store for every 5,634 people, in Iowa with about 21% of the total number of Caseys stores

### Illinois

**520 (19%)**

A store for every 24,369 people, in Illinois with about 19% of the total number of Caseys stores

### Missouri

**359 (13%)**

A store for every 17,095 people, in Missouri with about 13% of the total number of Caseys stores

State / Territory	Number of stores	Population
Iowa	560 (21%)	3.15M
Illinois	520 (19%)	12.67M
Missouri	359 (13%)	6.14M
Kansas	193 (7%)	2.91M
Minnesota	187 (7%)	5.64M
Nebraska	181 (7%)	1.93M
Indiana	143 (5%)	6.73M
Oklahoma	137 (5%)	3.96M
Arkansas	92 (3%)	3.02M
Kentucky	77 (3%)	4.47M

There are Caseys stores in 17 states and territories in the United States

25.0673.02001  
Title.

Prepared by the Legislative Council  
staff for Representative Steiner  
February 11, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### HOUSE BILL NO. 1570

Introduced by

Representatives Steiner, McLeod, Nelson, S. Olson, Mitskog

Senators Bekkedahl, Boschee, Larson, Myrdal, Luick

1 A BILL for an Act to create and enact a new section to chapter 50-06 and two new sections to  
2 chapter 57-36 of the North Dakota Century Code, relating to the creation of a tobacco tax  
3 distribution behavioral health fund and the collection, transfer, and report of a tax on electronic  
4 smoking devices and alternative tobacco products; to amend and reenact ~~sections~~section  
5 57-36-01, subsection 1 of section 57-36-02, and sections 57-36-25, 57-36-26, 57-36-31, and  
6 57-36-32 of the North Dakota Century Code, relating to the tax imposed on cigarettes and other  
7 tobacco products; to provide a penalty; and to provide an effective date.

### 8 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

9 **SECTION 1.** A new section to chapter 50-06 of the North Dakota Century Code is created  
10 and enacted as follows:

#### 11 **Tobacco tax distribution behavioral health fund.**

12 The tobacco tax distribution behavioral health fund is created as a special fund in the state  
13 treasury. The fund consists of all tobacco tax collections deposited in the fund under sections 46  
14 and 57 of this Act. Within the limits of legislative appropriations, the department shall use the  
15 moneys in the fund to provide for depression and anxiety behavioral health services by the  
16 regional human service centers. The moneys must be distributed to the human service centers  
17 based upon the number of individuals served, and may be used to contract with providers in the  
18 community to provide services under this section, with priority to those in financial need. The  
19 department may adopt rules to administer the fund.



1       **SECTION 2. AMENDMENT.** Section 57-36-01 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **57-36-01. Definitions.**

4       As used in this chapter, unless the context or subject matter otherwise requires:

5       1. "Alternative tobacco product" means a noncombustible product containing nicotine or  
6 synthetic nicotine, intended for human consumption by chewing, absorbing, dissolving,  
7 or any other means.

8       a. The term includes:

9           (1) Nicotine gels;

10          (2) Nicotine pouches; and

11          (3) Dissolvable tobacco products.

12       b. The term does not include products approved by the United States food and drug  
13 administration for nicotine replacement therapy.

14       2. "Chewing tobacco" means any leaf tobacco that is intended to be placed in the mouth.

15       ~~2-3.~~ "Cigar" means any roll of tobacco wrapped in tobacco.

16       ~~3-4.~~ "Cigarette" means any roll for smoking made wholly or in part of tobacco or processed  
17 tobacco and encased in any material except tobacco. The term also means any  
18 product of a cigarette-making machine.

19       ~~4-5.~~ "Cigarette-making machine" means a machine used for commercial purposes to  
20 process tobacco into a roll or tube, formed or made from any material other than  
21 tobacco, at a production rate of more than five rolls or tubes per minute.

22       ~~5-6.~~ "Consumer" means any person who has title to or possession of cigarettes, cigars,  
23 pipe tobacco, electronic smoking devices, or other tobacco products in storage, for  
24 use or other consumption in this state.

25       ~~6-7.~~ "Dealer" includes a retailer and any person other than a distributor who is engaged in  
26 the business of selling cigarettes, cigarette papers, cigars, pipe tobacco, electronic  
27 smoking devices, alternative tobacco products, or other tobacco products, or any  
28 product of a cigarette-making machine.

29       ~~7-8.~~ "Distributor" includes any person engaged in the business of producing or  
30 manufacturing cigarettes, cigarette papers, cigars, pipe tobacco, electronic smoking  
31 devices, alternative tobacco products, or other tobacco products, or importing into this

state cigarettes, cigarette papers, cigars, pipe tobacco, electronic smoking devices, alternative tobacco products, or other tobacco products, for the purpose of distribution and sale thereof to dealers and retailers. The term also includes a dealer that fabricates, repackages, compounds, or mixes electronic smoking devices for purposes of sale to a consumer.

~~8-9.~~ "Electronic smoking device" means a device that may be used to deliver an aerosolized, vaporized, or heated substance containing nicotine, regardless of whether the nicotine is natural or synthetic, to an individual inhaling from the device, and includes an electronic cigarette, e-cigar, e-pipe, vape pen, and e-hookah. The term includes any substance containing nicotine, regardless of whether the nicotine is natural or synthetic, that may be aerosolized, vaporized, or heated by the device, regardless of whether the device is sold separately. The term does not include:

- a. A cigarette as defined in section 51-25-01;
- b. A cigarette as defined in this section;
- c. A drug, device, or combination product, as those terms are defined in the federal Food, Drug, and Cosmetic Act [52 Stat. 1040; 21 U.S.C. 301 et seq.], approved for sale by the United States food and drug administration; or
- d. A battery or battery charger when sold separately.

~~9-10.~~ "Licensed dealer" means a dealer licensed under the provisions of this chapter.

~~10-11.~~ "Licensed distributor" means a distributor licensed under the provisions of this chapter.

~~11-12.~~ "Other tobacco products" means snuff and chewing tobacco.

~~12-13.~~ "Outlet" means each place of business from which tobacco products are sold.

~~13-14.~~ "Person" means any individual, firm, fiduciary, partnership, corporation, limited liability company, trust, or association however formed.

~~14-15.~~ "Pipe tobacco" means any processed tobacco that, because of its appearance, type, packaging, or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco to be smoked in a pipe.

~~15-16.~~ "Place of business" means a place where tobacco products are sold or where tobacco products are manufactured, fabricated, stored, or kept for purposes of sale or consumption.



1 ~~46-17.~~ "Retailer" means a person engaged in the business of selling cigarettes, cigars, pipe  
2 tobacco, electronic smoking devices, alternative tobacco products, or other tobacco  
3 products to consumers.

4 ~~47-18.~~ "Sale" or "sell" applies to gifts, exchanges, and barter.

5 ~~48-19.~~ "Snuff" means any finely cut, ground, or powdered tobacco that is intended to be  
6 placed in the mouth or nose.

7 ~~49-20.~~ "Storage" means any keeping or retention of cigarettes, cigars, pipe tobacco,  
8 electronic smoking devices, or other tobacco products for use or consumption in this  
9 state.

10 ~~20-21.~~ "Use" means the exercise of any right or power incidental to the ownership or  
11 possession of cigarettes, cigars, pipe tobacco, electronic smoking devices, or other  
12 tobacco products.

13 **SECTION 3. AMENDMENT.** Subsection 1 of section 57-36-02 of the North Dakota Century  
14 Code is amended and reenacted as follows:

- 15 1. Each person engaged in the business of selling cigarettes, cigarette papers, snuff,  
16 cigars, electronic smoking devices, alternative tobacco products, or tobacco in this  
17 state, including any distributor or dealer, shall secure a license from the attorney  
18 general before engaging or continuing to engage in business.

19 **SECTION 4. AMENDMENT.** Section 57-36-25 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **57-36-25. Cigars and pipe tobacco - Excise tax on wholesale purchase price - Other**  
22 **tobacco products - Excise tax on weight - Penalty - Reports - Collection -~~Allocation of~~**  
23 **revenue.**

- 24 1. There is hereby levied and assessed upon all cigars and pipe tobacco sold in this  
25 state an excise tax at the rate of twenty-eight percent of the wholesale purchase price  
26 at which ~~such~~the cigars and pipe tobacco are purchased by distributors. For the  
27 purposes of this section, the term "wholesale purchase price" ~~shall mean~~means the  
28 established price for which a manufacturer sells cigars or pipe tobacco to a distributor  
29 exclusive of any discount or other reduction.
- 30 2. There is levied and assessed upon all other tobacco products sold in this state an  
31 excise tax at the following rates:

1           a.    Upon each can or package of snuff, ~~sixtyone dollar and ninty-six~~ cents per ounce  
2                   and a proportionate tax at the like rate on all fractional parts of an ounce.

3           b.    On chewing tobacco, ~~sixteenfifty-two~~ cents per ounce and a proportionate tax at  
4                   the like rate on all fractional parts of an ounce.

5           For purposes of this subsection, the tax on other tobacco products is computed based  
6                   on the net weight as listed by the manufacturer.

7           3.    The proceeds of the taxes imposed under this section, together with ~~such~~the forms of  
8                   return and in accordance with ~~such~~the rules and regulations as the tax commissioner  
9                   may prescribe, shall be remitted to the tax commissioner by the distributor on a  
10                  calendar quarterly basis on or before the fifteenth day of the month following the  
11                  quarterly period for which paid. The tax commissioner ~~shall, however, have authority~~  
12                  ~~to~~may prescribe monthly returns upon the request of the licensee distributor and  
13                  ~~such~~the returns accompanied with remittance ~~shall~~must be filed before the fifteenth  
14                  day of the month following the month for which the returns are filed.

15          4.    Any person failing to file any prescribed form or return or to pay any tax within the time  
16                  required or permitted by this section is subject to a penalty of five percent of the  
17                  amount of tax due or five dollars, whichever is greater, plus interest of one percent of  
18                  the tax per month or fraction of a month of delay except the first month after the return  
19                  or the tax became due. The tax commissioner, if satisfied that the delay was  
20                  excusable, may waive all or any part of the penalty. The penalty must be paid to the  
21                  tax commissioner and disposed of in the same manner as are other receipts under this  
22                  chapter.

23          ~~5.    All moneys received by the tax commissioner under the provisions of this section shall~~  
24                  ~~be transmitted to the state treasurer at the end of each month and deposited in the~~  
25                  ~~state treasury to the credit of the general fund.~~

26          **SECTION 5. AMENDMENT.** Section 57-36-26 of the North Dakota Century Code is  
27                  amended and reenacted as follows:

28          **57-36-26. Cigars, pipe tobacco, and other tobacco products - Excise tax payable by**  
29          **dealers - Reports - Penalties - Collection -Allocation of revenue.**

30          1.    There is levied and assessed, upon all cigars and pipe tobacco purchased in another  
31                  state and brought into this state by a dealer for the purpose of sale at retail, an excise



1 tax at the rate of twenty-eight percent of the wholesale purchase price and, upon all  
2 other tobacco products purchased in another state and brought into this state by a  
3 dealer for the purpose of sale at retail, an excise tax at the rates indicated in section  
4 57-36-25, at the time the products were brought into this state. For the purposes of  
5 this section, ~~the term~~ "wholesale purchase price" means the established price for  
6 which a manufacturer sells cigars or pipe tobacco to a distributor exclusive of any  
7 discount or other reduction. However, the dealer may elect to report and remit the tax  
8 on the cost price of the products to the dealer rather than on the wholesale purchase  
9 price. The proceeds of the tax, together with the forms of return and in accordance  
10 with any rules and regulations the tax commissioner may prescribe, must be remitted  
11 to the tax commissioner by the dealer on a monthly basis on or before the fifteenth day  
12 of the month following the monthly period for which it is paid. The tax commissioner  
13 ~~shall have the authority to~~ may place any dealer on an annual remittance basis when in  
14 the judgment of the tax commissioner the operations of the dealer merit that  
15 remittance period. In addition, the tax commissioner ~~shall have the authority to~~ may  
16 permit the consolidation of the filing of a dealer's return when the dealer has more  
17 than one location and thereby would be required to file more than one return.

18 2. If cigars, pipe tobacco, or other tobacco products have been subjected already to a tax  
19 by any other state in respect to their sale in an amount less than the tax imposed by  
20 this section, the provisions of this section apply, but at a rate measured by the  
21 difference only between the rate fixed in this section and the rate by which the  
22 previous tax upon the sale was computed. If the tax imposed in the other state is  
23 twenty percent of the wholesale purchase price or more, then no tax is due on the  
24 article. The provisions of this subsection apply only if the other state allows a tax credit  
25 with respect to the excise tax on cigars, pipe tobacco, or other tobacco products  
26 imposed by this state which is substantially similar in effect to the credit allowed by this  
27 subsection.

28 3. Any person failing to file any prescribed forms of return or to pay any tax within the  
29 time required by this section is subject to a penalty of five dollars or a sum equal to  
30 five percent of the tax due, whichever is greater, plus one percent of the tax for each  
31 month of delay or fraction thereof excepting the month within which the return was

required to be filed or the tax became due. The tax commissioner, if satisfied that the delay was excusable, may waive all or any part of the penalty. The penalty must be paid to the tax commissioner and disposed of in the same manner as are other receipts under this chapter.

4. ~~All moneys received by the tax commissioner under the provisions of this section must be transmitted to the state treasurer at the end of each month and deposited in the state treasury to the credit of the general fund.~~

**SECTION 6. AMENDMENT.** Section 57-36-31 of the North Dakota Century Code is amended and reenacted as follows:

**57-36-31. Transfer and allocation of revenues - Appropriation.**

1. All moneys received by the tax commissioner under the provisions of this chapter must be transmitted to the state treasurer at the end of each month and deposited in the state treasury to the credit of the general fund, except as hereinafter provided.
2. All moneys received from the levy and assessment of one and one-half mills on each of the classes of cigarettes provided in this chapter are appropriated and must be distributed on or before the thirtieth day of June and the thirty-first day of December of each year on a per capita basis to the incorporated cities for ~~such~~the purposes ~~as are now or may be hereafter~~ authorized by law, the allocation to be based upon the population of each incorporated city according to the last official federal census, or the census taken in accordance with the provisions of chapter 40-02 in the case of a city incorporated subsequent to the last federal census, and warrants must be drawn payable to the treasurers of such cities.
3. All moneys received from an amount equal to a ninety-eight cents tax levied and assessed per ounce of snuff under section 57-36-25, a twenty-six cent tax levied and assessed per ounce of chewing tobacco under section 57-36-25, a twenty-eight percent tax levied and assessed on the wholesale purchase price of electronic smoking devices under section 78 of this Act, and a twenty-eight percent tax levied and assessed on the wholesale purchase price of alternative tobacco products under section 89 of this Act must be deposited by the state treasurer in the tobacco tax distribution behavioral health fund under section 1 of this Act.



1       **SECTION 7. AMENDMENT.** Section 57-36-32 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **57-36-32. Separate and additional tax on the sale of cigarettes - Collection -**  
4 **Allocation of revenue - Tax avoidance prohibited.**

5       1. ~~There is hereby levied and assessed and there shall~~must be collected by the state tax  
6 commissioner and paid to the state treasurer, ~~upon all~~on cigarettes sold in this state,  
7 an additional tax, separate ~~and apart~~ from all other taxes, of seventeen mills on each  
8 cigarette, to be collected as existing taxes on cigarettes sold are, or hereafter may be,  
9 collected, by use of appropriate stamps and under similar accounting procedures. ~~No~~A  
10 person, firm, corporation, or limited liability company ~~shall~~may not transport or, bring,  
11 or cause to be shipped into ~~the~~this state of ~~North Dakota~~ any cigarettes as provided  
12 herein, other than for delivery to wholesalers in this state, without first paying the tax  
13 ~~thereon~~under this subsection to the state tax commissioner. ~~All of the moneys~~  
14 ~~collected by the~~The state treasurer shall deposit the funds collected under this section  
15 ~~shall be credited to~~subsection into the state general fund.

16       2. There is levied and assessed and must be collected by the state tax commissioner  
17 and paid to the state treasurer, on cigarettes sold in this state, an additional tax,  
18 separate from all other taxes, of fifty-four and one-half mills on each cigarette, to be  
19 collected as existing taxes on cigarettes sold are, or may be, collected, by use of  
20 appropriate stamps and under similar accounting procedures. A person, firm,  
21 corporation, or limited liability company may not transport, bring, or cause to be  
22 shipped into this state any cigarettes as provided under this subsection, other than for  
23 delivery to wholesalers in this state, without first paying the tax under this subsection  
24 to the state tax commissioner. The state treasurer shall deposit:

25       a. Fifty percent of the funds collected under this subsection into the tobacco tax  
26 distribution behavioral health fund under section 1 of this Act; and

27       b. Fifty percent of the funds into the state general fund.

28       **SECTION 8.** A new section to chapter 57-36 of the North Dakota Century Code is created  
29 and enacted as follows:



**Electronic smoking device - Excise tax on wholesale purchase price - Amount of tax -**

**Penalty - Reports - Collection.**

1. There is levied and assessed upon all electronic smoking devices sold in this state an excise tax at the rate of fifty-six percent of the wholesale purchase price at which electronic smoking devices are purchased by distributors. For the purposes of this section, "wholesale purchase price" means the established price for which a manufacturer sells an electronic smoking device to a distributor exclusive of any discount or other reduction.
2. The proceeds of the tax imposed under this section, together with the forms of return and in accordance with the rules and regulations prescribed by the tax commissioner, must be remitted to the tax commissioner by the distributor on a calendar quarterly basis on or before the fifteenth day of the month following the quarterly period for which paid. The tax commissioner may prescribe monthly returns upon the request of the licensee distributor and the returns accompanied with remittance must be filed before the fifteenth day of the month following the month for which the returns are filed.
3. Any person failing to file any prescribed form or return or to pay any tax within the time required or permitted by this section is subject to a penalty of five percent of the amount of tax due or five dollars, whichever is greater, plus interest of one percent of the tax per month or fraction of a month of delay except the first month after the return or the tax became due. The tax commissioner, if satisfied that the delay was excusable, may waive all or part of the penalty. The penalty must be paid to the tax commissioner and disposed of in the same manner as are other receipts under this chapter.

**SECTION 9.** A new section to chapter 57-36 of the North Dakota Century Code is created and enacted as follows:

**Alternative tobacco product - Excise tax on wholesale purchase price - Amount of tax - Penalty - Reports - Collection.**

1. There is levied and assessed upon all alternative tobacco products sold in this state an excise tax at the rate of fifty-six percent of the wholesale purchase price at which alternative tobacco products are purchased by distributors. For the purposes of this

1 section, "wholesale purchase price" means the established price for which a  
2 manufacturer sells an alternative tobacco product to a distributor exclusive of any  
3 discount or other reduction.

4 2. The proceeds of the tax imposed under this section, together with the forms of return  
5 and in accordance with the rules adopted by the tax commissioner, must be remitted  
6 to the tax commissioner by the distributor on a calendar quarterly basis on or before  
7 the fifteenth day of the month following the quarterly period for which paid. The tax  
8 commissioner may prescribe monthly returns upon the request of the licensee  
9 distributor and the returns accompanied with remittance must be filed before the  
10 fifteenth day of the month following the month for which the returns are filed.

11 3. Any person failing to file any prescribed form or return or to pay any tax within the time  
12 required or permitted by this section is subject to a penalty of five percent of the  
13 amount of tax due or five dollars, whichever is greater, plus interest of one percent of  
14 the tax per month or fraction of a month of delay except the first month after the return  
15 or the tax became due. The tax commissioner, if satisfied that the delay was  
16 excusable, may waive all or part of the penalty. The penalty must be paid to the tax  
17 commissioner and disposed of in the same manner as are other receipts under this  
18 chapter.

19 **SECTION 10. EFFECTIVE DATE.** ~~Sections 3, 4, 6, 7, and 8 of this~~ This Act are effective  
20 ~~for taxable events occurring after June 30, 2025~~ December 31, 2025.



## ND Petroleum Marketers Association

1014 East Central Avenue • PO Box 1956  
Bismarck, ND 58502 • Telephone 701-223-3370  
www.ndpetroleum.org • Fax 701-223-5004

### Testimony - HB 1570

February 12, 2025- House Finance and Tax Committee

Chairman Headland & Members of the House 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 HB 1570.**

I know there are numerous people waiting behind me to testify in opposition. I would just like to share a few numbers with you:

- **\$717,089,369.09 M**
- **\$143 M**
- **62-38**

**\$717 Million** is the amount of money the state of ND has received through the Master Settlement Agreement since 1999. In November 1998, the Attorneys General of 46 states, the District of Columbia and 5 U.S. territories reached an agreement to settle lawsuits or disputes with the tobacco industry regarding expenditures the states had incurred under their Medicaid programs for tobacco-related health care costs.

In the past 25 years, the state of ND has received an average of roughly **\$55 Million per biennium in MSA payments.**

The ND Department of Health shows the Community Health Trust Fund has a cash balance to date of **\$34,140,847.16**. This balance can only be spent when legislators appropriate the funds.

If ND needs money for increased depression and anxiety issues or to beef up the suicide prevention hotline, why not utilize these funds? It doesn't make sense to hit the people who can least afford it with a **SIN TAX**! Let's prioritize the state spending of **MSA \$\$** to help those in need.

**\$143 Million**. A little background to get us to that number. In 2018, ND tobacco users paid **\$120 Million** in state and federal excise taxes. That's 15% or about 120,000 North Dakotans paying an average of **\$1,000 annually** in user taxes. If HB 1570 passes, these same folks will be paying roughly **\$1,430 annually** to use a legal product. How much can the state and federal governments squeeze out of them? Isn't that enough already?

One last number. **62-38**. This was the final tally on the 2016 initiated measure seeking to raise state cigarette excise taxes by 400%. This measure failed overwhelmingly because nearly half of the North Dakotans who voted on this measure, people who weren't likely tobacco users, stood up and said **NO to a SIN TAX**, the worst of all taxes. Why? Because they didn't want to see their fellow North Dakotan, their neighbor, their friend punished for making an adult decision and purchasing a legal product.

Mr. Chairman and committee members, we all know there are many other vices out there that could be taxed. NDPMA wouldn't support a **SIN TAX** on those products either. And I will say it one more time, I find it hard to believe any legislators in the body campaigned on the pledge of pushing for any new consumer taxes, much less a **SIN TAX**.

Please give this bill a **DO NOT PASS** recommendation.



North Dakota currently appropriates 100% of the payments received under the tobacco settlement (Master Settlement Agreement) to the Community Health Trust Fund. This is a result of Senate Bill 2012 from 2019 with which the legislature decided that all money from the Tobacco Settlement fund must be transferred the Community Health Trust Fund.

In the 2021-2023 biennium, the state received \$48.1 million in settlement payments.

In the 2023-2025 biennium, the state estimates \$42.2 million in settlement payments.

The Community Health Trust Fund distributes the money to several different programs. The biggest items in 2021-2023 were:

HB 1012 (2021) appropriated \$31.5 million to for defraying expenses in the medical services division

\$5.1 million for tobacco prevention programs

\$5.1 million for tobacco Quitline

In the 2023-2025 biennium, the biggest expenses are:

SB 2012 (2023) appropriated

- o \$24 million to the child support computer replacement project
- o \$1.8 million to 988 crisis hotline program
- o \$700,000 to implement the cross-disability advisory council;
- o \$600,000 for a study of basic care funding rate
- o \$750,000 for costs of the health care task force

HB 1477 (2023) appropriated \$7 million to the Department of Health and Human Services for rural emergency medical services and rural ambulance services.

\$6.3 million for tobacco prevention programs

\$5 million for tobacco Quitline

\$1.8 million for the 988 crisis hotline

The settlement payment appropriation means that the Community Health Trust Fund is one of the best funded state trust funds in North Dakota.



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**Testimony – HB 1570  
House Finance and Tax Committee  
February 12, 2025  
Jared Scheeler, CEO – The Hub Convenience Stores, Inc.**

**Chairman Headland and Members of the House and Finance Tax Committee:**

My name is Jared Scheeler, and I'm the CEO of The Hub Convenience Stores based in Dickinson, ND. We have five locations, all in western North Dakota in the great communities of Dickinson, Beulah, Hazen, and New England. In total we employ more than 100 people. Today I urge you to provide a "DO NOT PASS" recommendation on House Bill 1570.

I work in a tough industry. We see challenges in the labor market. We operate on razor thin margins. We have competitors galore across many different channels. We've had to diversify our businesses by becoming great food service operators, adding car washes, and overcoming many regulatory headwinds from both the state and federal levels.

HB 1570 aims to pile on the challenges we face, and would have a negative impact on my stores, my team members, and my customers. Every day, we serve the fabric of American society. From the blue-collar coal miner to the working soccer mom, we take care of them all. Among them are many, many lower income individuals and families whose lives have been majorly impacted by the economic inflation we've experienced over the past five years. Is compounding inflation part of North Dakota values? Because that's exactly what HB 1570 would do.

Since February of 2021, just four years ago, our wholesale cost on cigarettes has increased by 37%. Chew has increased by 24%. Snus pouches have increased by a whopping 45%. Vaping pods? 53%. Nicotine pouches are the smallest at 16%, but they're by far the category's fastest growing products. I've included a chart to show how these wholesale costs have grown over that time. These numbers far exceed the inflation that we've seen in food and groceries and utilities and rent. Now's not the time to pile on. It's well documented that tobacco taxes collected in North Dakota have declined by 18% since 2021. It's absolutely a result of decreased usage because these products are pricing themselves too high for many consumers. My unit volumes are down more than that during that time. Only 10.8% of adults are cigarette smokers, whereas 52.8% of adults drink alcohol. More adults use cannabis than smoke cigarettes! Youth cigarette smoking has dropped 95.7% since 1996. Let's stop picking on this category.

These taxes would most certainly be a regressive tax and would harm those who need the money the most. They would put us at a competitive disadvantage with neighboring states.

In convenience retail, our total sales across the United States in 2023 was \$860 billion. Of that \$860 billion, we paid \$208 billion in total taxes on products like fuels, tobacco, alcohol, food, payroll, and property. That's a staggering percentage of our sales, and that doesn't even include personal income taxes!

There's enough non-business-friendly challenges we face. When is enough, enough? Let's not pile it on. I ask once again to provide a "DO NOT PASS" recommendation on HB 1570. Thank you.



**WHOLESALE  
COST**

**A 48-Month  
Inflationary  
Glance**

**APPENDIX A  
"TOBACCOFLATION"**

**Zyn Nicotine**

**Pouches**

% Increase from  
Previous      % Increase from  
Sep 2021

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		

**Vuse Alto Vape**

**Pods 4pk**

% Increase from  
Previous      % Increase from  
Feb 2021

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

**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		



**Testimony House Bill 1570**  
**House Finance and Taxation Committee**  
**February 12, 2025**

Chairman Headland and Members of the Committee:

I am Kim Kuhlmann, Policy and Partnership Manager in North Dakota with Community HealthCare Association of the Dakotas (CHAD). CHAD serves as the primary care association representing our member Federally Qualified Health Centers (also known as community health centers) across North Dakota and South Dakota. On behalf of our members, we ask that you support HB 1570 and give this bill a do pass recommendation.

Community health centers (CHCs) are non-profit, community-based primary care clinics that serve all individuals, regardless of their insurance status or ability to pay. The community health center integrated care model includes primary care, mental health and substance use treatment, dental care, pharmacy services, and a range of case management services that can include help with transportation, finding community resources, or assistance with insurance and financial enrollments.

Tobacco use is the leading cause of preventable disease, disability, and death in the U.S. and North Dakota. CHAD and our member health centers support increasing the tobacco tax to discourage youth from starting to use tobacco and nicotine products, reduce the number of adults and youth who are using tobacco products, and help North Dakota reach its aspirational goal of becoming the “healthiest state in the nation”.

The additional revenue generated by increasing the tobacco tax with this bill will be used for depression and anxiety behavioral health services at the regional human service centers across North Dakota, who are treating some of the most vulnerable individuals in our state for behavioral health and substance use disorders and are treating patients regardless of their ability to pay.

CHAD supports HB 1567 to reduce tobacco use, especially in youth and create a healthier North Dakota. Thank you, I will be happy to answer questions.



Kim Kuhlmann  
Policy and Partnership Manager, ND  
Community HealthCare Association of the Dakotas (CHAD)

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1570  
2/12/2025

Relating to the tax imposed on cigarettes and other tobacco products; to provide a penalty; and to provide an effective date.

3:17 p.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

### Discussion Topics:

- ZYN nicotine
- Prevention

3:17 p.m. Representative Steiner moved a Do Pass.

3:17 p.m. Representative Ista seconded the motion.

Representatives	Vote
Representative Craig Headland	N
Representative Jared Hagert	N
Representative Dick Anderson	N
Representative Jason Dockter	N
Representative Ty Dressler	N
Representative Jim Grueneich	N
Representative Mike Motschenbacher	N
Representative Dennis Nehring	N
Representative Jeremy Olson	N
Representative Todd Porter	N
Representative Vicky Steiner	Y
Representative Nathan Toman	N
Representative Austin Foss	Y
Representative Zachary Ista	Y

3:20 p.m. Motion failed 3-11-0.

3:21 p.m. Representative J. Olson moved a Do Not Pass.

3:21 p.m. Representative Motschenbacher seconded the motion.

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	Y
Representative Vicky Steiner	N
Representative Nathan Toman	Y
Representative Austin Foss	N
Representative Zachary Ista	N

3:22 p.m. Motion passed 11-3-0.

3:22 p.m. Representative Dressler will carry the bill.

3:23 p.m. Chairman Headland adjourned the meeting.

*Janae Pinks, Committee Clerk*

**REPORT OF STANDING COMMITTEE**  
**HB 1570 ([25.0673.02000](#))**

**Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **DO NOT PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1570 was placed on the Eleventh order on the calendar.