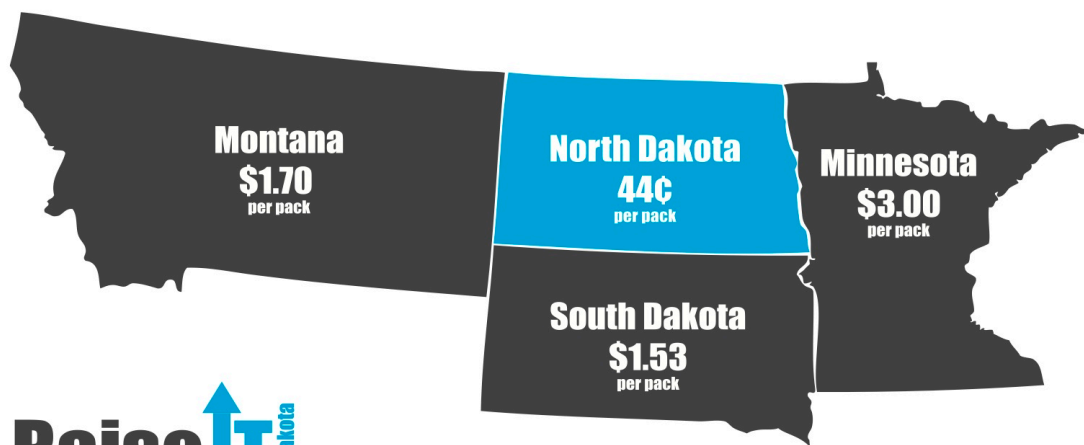




**Information on the ballot measure to increase
North Dakota's tobacco tax**



Average of Surrounding States: \$2.08

Partners (thus far) include:

- *ND Veterans Coordinating Council*
- *American Lung Association in ND*
- *ND Association of Counties*
- *ND Medical Association*
- *ND Nurses' Association*
- *CHI (Catholic Health Initiatives)*
- *Blue Cross Blue Shield of ND*
- *Mental Health of America of ND*
- *ND Federation of Families for Children's Mental Health*
- *ND Public Health Association*
- *ND United*
- *ND Society for Respiratory Care*
- *ND Chapter of the American Academy of Pediatrics*
- *Heartview Foundation, Bismarck*
- *March of Dimes*
- *Campaign for Tobacco Free Kids*
- *Tobacco Free North Dakota*
- *ND Oral Health Coalition*
- *Dakota Boys and Girls Ranch*
- *Dakota OutRight*
- *Minot, Kenmare Safe Communities Coalitions*
- *Bismarck Tobacco Free Coalition*

THE TEXT OF THE MEASURE:

- **Creates a veterans' tobacco tax trust fund** to support a strategic plan for veterans' services and programs.
 - **Increases tobacco excise taxes** as follows:
 - Cigarettes: from \$0.44/pack (22 mills/cigarette) to \$2.20/pack (110 mills/cigarette).
 - All other tobacco products*: from 28% to 56% of wholesale purchase price.
*eliminates weight-based taxing, now includes liquid nicotine.
 - **Allocates** total tobacco product and cigarette excise taxes as follows**:
 - **General Fund:** 20 mills/cigarette + 50% tobacco product collections (*leaving the current tobacco tax collections alone*).
 - **Cities (based on population):** 2 mills/cigarette (*leaving the current tobacco tax collections alone*).
 - **Veterans Tobacco Tax Trust Fund:** 44 mills/cigarette + 25% tobacco product collections (*50% of new revenues from increase*).
 - **Community Health Trust Fund:** 44 mills/cigarette + 25% tobacco product collections (*50% of new revenues from increase*).
 - 70% of these funds dedicated to **Behavioral Health Comprehensive Plan**.
 - 20% of these funds dedicated to **counties** (based on population) for **essential local health unit services** established by the state health council.
 - 10% of these funds dedicated to the Department of Health for support of **chronic disease** detection, prevention, treatment and control.
- **Does not allow any tobacco tax revenues, current or new, to replace or duplicate tobacco prevention and control funding and programs provided through the Master Tobacco Settlement.
- **Amends definitions** of tobacco products to include all tobacco products.
 - Treats **liquid nicotine dealers/distributors**, including taxing, licensing, and registration, the same as all other tobacco dealers/distributors in the state.
 - **Repeals tax exemptions** on tobacco and cigarette for the ND State Hospital and ND Veterans Home (neither of which sell tobacco anymore).

IMPACTS OF THE MEASURE:

- **YOUTH PREVENTION*:** Tobacco tax increases are proven to be one of the most effective policies to prevent kids from ever using tobacco. This measure is estimated to decrease youth initiation rates by 20% and prevent 5,800 ND youth under the age of 18 from ever starting.
- **HEALTH CARE SAVINGS*:** In long-term health care costs, the State of North Dakota is estimated to save nearly \$246.57 million from reductions in adult and youth tobacco use.
- **HEALTH PROGRAM FUNDING:** As North Dakota is faced with budget cuts and reduced revenues, this measure would protect and provide funding for crucial health care services and programs for our state's veterans and North Dakotans with mental health and addiction disorders, and chronic disease.
- **IMPROVE CURRENT STANDINGS:** North Dakota has not increased its tobacco taxes since 1993. At just \$0.44/pack, our state ranks 47th in the nation for cigarette tax rates. We also fall significantly below the average of \$2.08/pack cigarette tax rates of our neighboring states.

FREQUENTLY ASKED QUESTIONS (FAQs)

ABOUT THE PEOPLE INVOLVED:

Who are the individuals and groups sponsoring this measure?

This measure is sponsored by North Dakotans. Sponsoring committee members include medical/mental health/addiction recovery professionals, veterans, legislators (3 Republicans, 2 Democrats), and concerned parents. The language in the measure was written by North Dakota legislators, attorneys, and health professionals with extensive experience working in North Dakota Century Code. To see the current (and growing) list of the Raise it for Health ND coalition, see the cover page of this document.

ABOUT THE MONEY GENERATED:

How much more revenue will this increase create?

This increase is estimated to bring in over \$200 million in new revenue in the first biennium. However, tobacco tax revenues should decline (we hope!) over time as tobacco use declines.

Will any money from this measure be used for tobacco prevention or by BreatheND?

No. North Dakota's tobacco prevention program is currently funded by the Master Tobacco Settlement – moneys the State won in 1998 when they sued tobacco companies for lying to the public. This measure does not change that and does not give them any tax revenue.

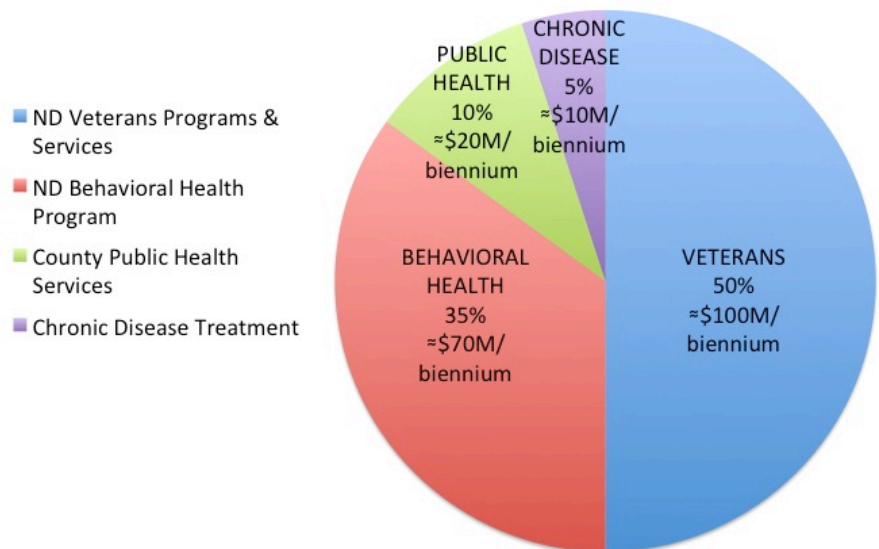
Where does the tax revenue go?

Current revenues stay where they are (state's General Fund and back to the cities based on population and tobacco sales). New revenues, estimated at \$200 million/biennium, are split:

- **50% to the veterans' tobacco tax trust fund**
- **50% to the Community Health Trust Fund**

- **70% dedicated to a Behavioral Health Comprehensive Plan** (administered by the ND Behavioral Health Planning Council)
- **20% dedicated to counties for essential local health unit services** established by the state health council
- **10% dedicated to the support of chronic disease** detection, prevention, treatment and control (administered by the Department of Health)

Tobacco Tax Measure NEW Revenue Allocations
Estimated \$200 Million / Biennium



FREQUENTLY ASKED QUESTIONS (FAQs)

ABOUT THE VETERANS INVOLVED:

Who will oversee the veterans' tobacco tax trust fund?

The Administrative Committee on Veterans Affairs (ACOVA). The 15 voting members of this committee are appointed by the Governor and include veterans from the following organizations: American Legion, Veterans of Foreign Wars (VFW), Disabled American Veterans (DAV), AMVETS, and Vietnam Veterans of America. There are also three nonvoting members who serve in an advisory capacity – the ND Adjutant General, the Center Director for the federal Veterans Affairs, and the Executive Director of Job Service North Dakota.

What kinds of programs will be funded for our veterans?

ACOVA will be responsible for drafting and approving a strategic plan that meets the needs of our state's veterans and their dependents. This plan must receive 100% support of members of ACOVA to be implemented. Examples in this plan could include service dogs, TBI/PTSD therapies, transportation assistance, adaptive housing and vehicle grants, Agent Orange education, and transfers to the post-war trust fund, a fund that was established to sustain support for North Dakota's veterans but was significantly diminished during the national recession.

OTHER FAQ'S ABOUT THE MEASURE:

How does this measure affect electronic cigarettes?

Currently, 24 cities in the state of North Dakota have adopted city ordinances that treat electronic cigarettes/liquid nicotine similarly to tobacco. This measure will treat liquid nicotine (the substance that is heated and inhaled in electronic cigarettes) just like every other tobacco product. It will be taxed the same and will require the same process for licensure as any other tobacco retailer/distributor in ND.

Why was \$2.20/pack chosen?

A variety of reasons:

- The average of our neighboring states is over \$2.00 (at \$2.08). Minnesota will still be almost a \$1.00 higher than ours and will continue to be as they have enacted an inflationary tobacco tax increase in their state.
- The larger the increase, the greater the public health benefit, and the greater the impact on reducing youth smoking.
- Since 2002, 47 states, DC, and several U.S. territories have increased their cigarette tax rates 125 times. The last time ND increased its tobacco taxes was in 1993, and our state's cigarette tax is lower than even the nation's tobacco-producing states.

*Sources: Campaign for Tobacco Free Kids

<http://www.tobaccofreekids.org/research/factsheets/pdf/0227.pdf>
<http://www.tobaccofreekids.org/research/factsheets/pdf/0098.pdf>
<http://www.tobaccofreekids.org/research/factsheets/pdf/0147.pdf>