



MEASURE 4

A health initiative to raise North Dakota's shamefully low cigarette and tobacco taxes as a proven way to prevent kids from ever starting, encourage current tobacco users to quit, reduce health care costs, and fund important health and veterans' services in the state of North Dakota.

YES 4 KIDS! YES 4 VETERANS! YES 4 HEALTH! YES ON MEASURE 4!

Raise it for Health ND Coalition

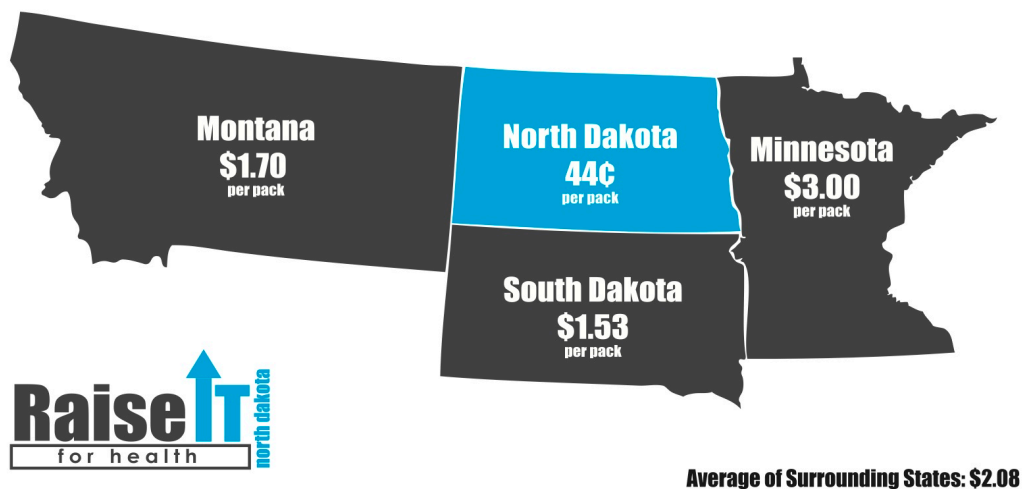
- ND Veterans Coordinating Council (American Legion, VFW, DAV, VVA, AMVETS)
- American Lung Association in ND
- American Cancer Society Cancer Action Network (ACS CAN)
- Tobacco Free North Dakota (TFND)
- ND Association of Counties
- ND Medical Association
- ND Nurses' Association
- CHI (Catholic Health Initiatives)
- Essentia Health
- Blue Cross Blue Shield of ND
- AARP ND
- Mental Health of America of ND
- ND Federation of Families for Children's Mental Health
- ND Economic Security & Prosperity Alliance (NDESPA)
- ND Nurse Practitioners' Association (NDNPA)
- ND Public Health Association
- ND Rural Health Association
- Community HealthCare Association of the Dakotas (CHAD)
- ND United
- ND Society for Respiratory Care
- ND Chapter of the American Academy of Pediatrics
- Heartview Foundation, Bismarck
- Prairie St. John's, Fargo
- March of Dimes
- Campaign for Tobacco Free Kids
- Dakota Boys and Girls Ranch
- Dakota OutRight
- ND Oral Health Coalition
- Minot, Kenmare Safe Communities Coalitions
- Bismarck Tobacco Free Coalition
- Richland-Wilkin Kinship
- Sincere Smiles, Williston

Raise it for Health ND:

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BENEFITS OF THE MEASURE

- **REDUCE TOBACCO USE & PREVENT KIDS FROM STARTING*:**
 - 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.
 - Tobacco tax increases also encourage current tobacco users to quit, over 50% of whom want to and have tried to quit. This measure is estimated to lead 6,600 current adult smokers to quit, and North Dakota already provides free services to help.
- **REDUCE HEALTH CARE COSTS*:** 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. The estimated 5-7 year Medicaid program savings for the state is \$830,000.
- **PROVIDE IMPORTANT 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.
- **KEEP UP WITH OUR COUNTRY, NEIGHBORS:** 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 and the national average of \$1.65/pack.



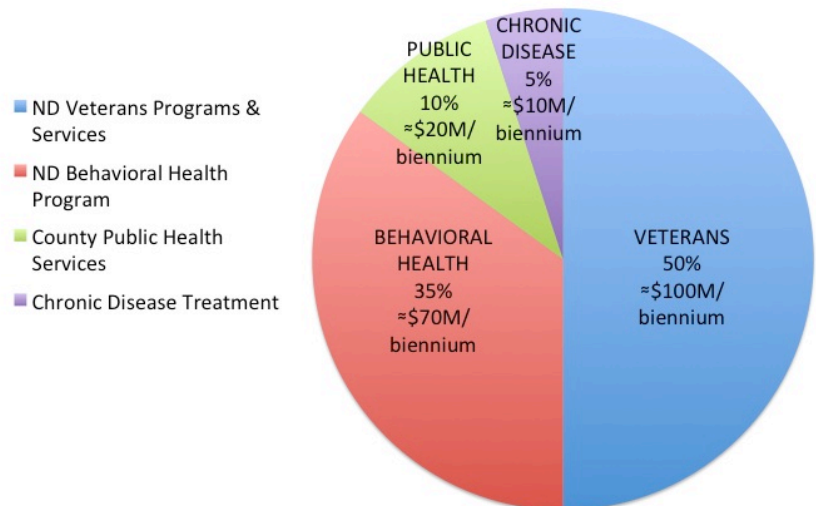
*Source: Campaign for Tobacco Free Kids/American Cancer Society Cancer Action Network
<http://www.tobaccofreekids.org/research/factsheets/pdf/0227.pdf>
<http://www.tobaccofreekids.org/research/factsheets/pdf/0098.pdf>
<http://www.tobaccofreekids.org/research/factsheets/pdf/0147.pdf>

SUMMARY OF THE TEXT OF THE MEASURE

- **Creates a veterans' tobacco tax trust fund.**
- **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:
 - **Veterans Tobacco Tax Trust Fund:** 50% of new revenues (44 mills/cigarette + 25% tobacco product collections) to support a strategic plan for veterans' services and programs.
 - **Community Health Trust Fund:** 50% of new revenues (44 mills/cigarette + 25% tobacco product collections).

- 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.

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



Note 1: Measure 4 does not allocate any tobacco tax revenues to replace or duplicate tobacco prevention and control funding and programs which are currently funded through the Master Tobacco Settlement and provided by BreatheND and the ND Department of Health (ND Quits).

Note 2: Measure 4 does not change allocations of *current* tobacco tax revenues, which are:

- General Fund: 20 mills/cigarette (\$0.41/pack) + 50% tobacco product collections
- Cities (based on population): 2 mills/cigarette (\$0.03/pack)

- **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).

FACTS ABOUT MEASURE 4

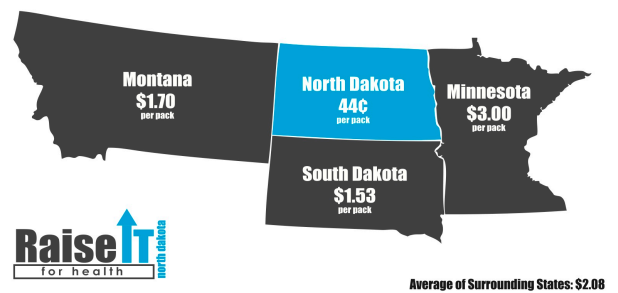
MEASURE 4 WAS INITIATED BY NORTH DAKOTANS

Measure 4 is sponsored and supported by North Dakotans. Sponsoring committee members include medical/mental health/addiction recovery professionals, veterans, legislators (3 Republicans, 2 Democrats), and concerned parents. The text of the measure was written by North Dakota legislators, attorneys, and health professionals with extensive experience working in North Dakota Century Code.

Our coalition is comprised of over 30 organizations. The full partner list can be found on Page 1.

NORTH DAKOTA'S TOBACCO TAX IS SHAMEFULLY LOW

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 as well as the national average of \$1.65/pack. North Dakota's cigarette tax is even lower than the average of tobacco-producing states.



MEASURE 4 WILL REDUCE YOUTH TOBACCO USE*

Increasing the price of tobacco is proven to be one of the most effective policies to reduce tobacco use and prevent kids from ever initiating tobacco use. The tobacco tax increase in Measure 4 is estimated to decrease youth initiation rates by 20% and prevent 5,800 ND youth under the age of 18 from ever starting, and lead 6,600 current adult smokers to quit.

MEASURE 4 WILL HELP MOTIVATE TOBACCO USERS TO QUIT*

Increasing the cost of tobacco is a proven incentive to help current users quit. ND data shows that over half of all tobacco users want to or have tried to quit, and North Dakota already provides tobacco users with free services to help them quit.

MEASURE 4 WILL SAVE LIVES

Tobacco use remains the leading cause of preventable death and disease, more than deaths attributed to homicide, alcohol, suicide, drug use, obesity, and HIV/AIDS combined. An estimated 1,000 people in North Dakota die each year from smoking related disease.

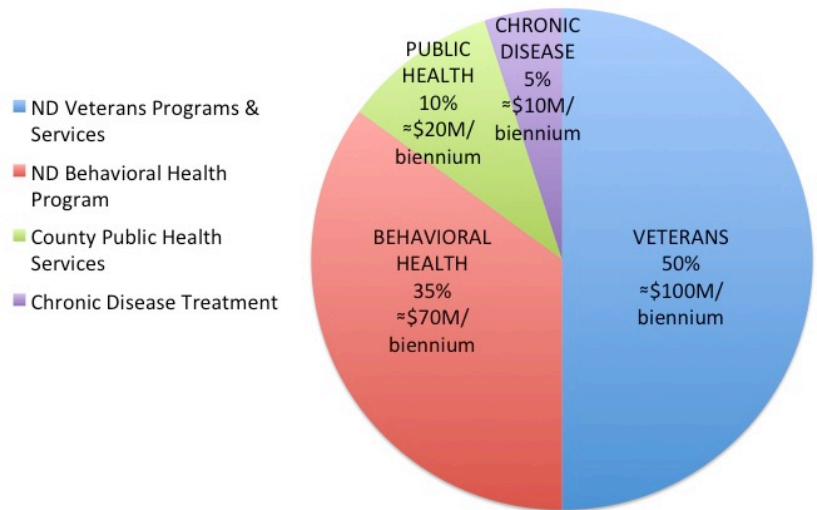
MEASURE 4 WILL HELP REDUCE HEALTH CARE COSTS*

By passing Measure 4, North Dakota is projected to save approximately \$246.57 million in long-term health care costs from reducing adult and preventing youth tobacco use and \$830,000 over just a 5-year period in Medicaid program savings, North Dakota taxpayers, including the business community, should support Measure 4 to help reduce health care costs and insurance premiums, helping their bottom line and creating a healthier, more productive workforce.

MEASURE 4 WILL PROVIDE IMPORTANT PROGRAM FUNDING

As North Dakota is faced with budget cuts and reduced revenues, this measure will protect and provide funding for crucial, underfunded services for our state's veterans and North Dakotans with chronic disease, substance abuse disorders, and mental health needs. Measure 4 is estimated to bring in over \$200 million in new revenue in the first biennium, which still accounts for a reduction of tobacco use and drop in youth initiation. However, tobacco tax revenues should decline (we hope!) over time as tobacco use declines.

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



ABOUT THE PETITION CIRCULATION PROCESS

1. Announced in March, approved for circulation in early April.
2. Circulated April, May, and June by over 150 volunteers, no paid signature collectors, across ND.
3. Collected nearly 23,000 North Dakota signatures in support of the initiative.
4. Approved in August by ND Secretary of State as Measure 4.

ABOUT THE UPCOMING CAMPAIGN

1. Led by a coalition of North Dakota voters and organizations.
2. Our campaign will be a very grassroots, education-focused effort.
3. We have no major funders. We will rely on small contributions from our coalition partners and supporters.
4. We have confidence that North Dakotans will continue to see through the decades of lies that continue to be told and billions of dollars spent by the tobacco industry to create addiction and protect their profits.

ABOUT THE OPPOSITION

The tobacco industry will lead and fund the opposition, but they know they cannot do it in their name. After being caught lying to the public and sued by the State of North Dakota for it, Big Tobacco has no credibility with North Dakotans, so they will seek surrogates in-state organizations as their messengers.

As of mid-August, Big Tobacco (Altria and R.J. Reynolds) has already poured nearly \$1,000,000 into North Dakota to oppose Measure 4 and another almost \$1,000,000 for TV ads coming soon. The "North Dakotans Against The 400% Tax Increase" consists of Big Tobacco, the ND Retailers Association, the ND Petroleum Marketers Association, and the Greater ND Chamber of Commerce.

*Sources: Campaign for Tobacco Free Kids/American Cancer Society Cancer Action Network
<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>

FREQUENTLY ASKED QUESTIONS (FAQs)

What kinds of programs/who will oversee the veterans' tobacco tax trust fund?

The Administrative Committee on Veterans Affairs (ACOVA) headed by the Commissioner of Veterans Affairs¹. 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.

The new revenues in Measure 4 that would be dedicated to these veterans' programs is estimated at \$50 million per year. As written in the measure, ACOVA is responsible for writing and administering a strategic plan that meets the needs of our state's veterans and their dependents. Examples in this plan could include but are not limited to suicide prevention, workforce training, PTSD and TBI treatment, long-term care, homelessness, Agent Orange research, service dogs, 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.

What kinds of programs will be funded in behavioral health?

North Dakota is facing a behavioral health crisis. Suicide rates are a growing problem and is the #1 leading cause of death for youth ages 15-24, opioid and meth abuse has escalated, and our corrections facilities and homeless shelter populations are exploding due to a lack of access and availability of basic services in our state to mental health and substance abuse disorder treatment. There were major reductions in reimbursements for behavioral health services during North Dakota's 2016 budget shortfalls. In North Dakota, less than 10% of adults with serious and persistent mental illness receive services through the public human service system.

The new revenues in Measure 4 that would be dedicated to behavioral health programs is estimated at \$35 million per year. That investment could double to nearly \$70 million per year with matching federal dollars to expand services. The governor-appointed ND Behavioral Health Planning Council² is required to develop a comprehensive plan for the delivery of mental health and substance abuse services for North Dakota children and adults. This plan must address a full continuum of care including prevention, early intervention, treatment, rehabilitation, and recovery supports. The plan is based on recommendations of the Schulte Report (a detailed report that was ordered to outline North Dakota's shortfalls in addressing behavioral health needs), the Behavioral Stakeholders recommendations, the ND Department of Human Services Needs Assessment, and the Interim legislative studies of 2013-15 and 2015-17.

What kinds of chronic disease programs will be funded by Measure 4?

Chronic disease programming in North Dakota has long focused on screening and treatment, and additional resources to expand screenings for HPV, skin cancer, and colorectal cancers have been requested but unfunded in the past. More and more focus has and must be given to prevention, which is a cost-saving to taxpayers. One example of a program that requested but was denied funding was to expand a pediatric obesity prevention program into all North Dakota schools and daycares to help reduce the epidemic growth of childhood obesity in our state, effectively reducing the chronic diseases caused by obesity in adults.

How will local public health units utilize the funding designated in Measure 4?

Public health uses include but are not limited to reversing the alarming decline in vaccination rates in our state, implementing state performance audit recommendations on environmental health, increasing child and maternal health care access, enhancing school nursing support, increasing access to child oral health care, and improving the state's ability to respond and prevent the spread of infectious disease.

Why tax a legal product?

According to the CDC and HHS, nearly 90% of adult smokers began smoking before age 18, creating teenage addiction to tobacco well before they are ever of legal age³.

Unfortunately, North Dakota convenience stores are illegally selling tobacco to minors at an alarming rate. According to the FFY 2016 Annual Synar Report⁴, a federally mandated effort from the Substance Abuse and Mental Health Services Administration (SAMHSA), 17.9% of tobacco retailers violated North Dakota law by selling tobacco to minors. If that compliance rate reaches 20%, ND could lose up to 40% of a \$6.1M federal block grant.

Why did the coalition choose \$2.20/pack, an increase of 400%?

The only reason the increase sounds so dramatic is because North Dakota has not raised its tobacco tax since 1993. Just since 2002, 47 states and DC have increased their cigarette tax rates 126 times! North Dakota has fallen far below the national average and the average of our neighboring states. Even if Measure 4 passes, Minnesota's tax will still be almost \$1.00 higher than North Dakota's.

More importantly, though, is that modest increases do not create significant health impacts. Big Tobacco will "coupon away" small increases. In order to achieve a 20% reduction in our youth initiation rates, an increase of \$1.75 or more was necessary.

Why doesn't Measure 4 dedicated any money to help people quit?

North Dakota already has a fully-funded tobacco prevention and control program that includes free services for North Dakotans through ND Quits and public health units to help them quit. This program is funded through a small percentage of the Master Tobacco Settlement, a 1998 lawsuit won and settled against Big Tobacco for lying to the public about the harms of tobacco. North Dakota is the only state in the nation that has a fully-funded program at CDC-recommended levels, so there was no need to dedicate more money to those programs.

How does Measure 4 affect electronic cigarettes?

The FDA regulates electronic cigarettes as a tobacco product. Take a look at the labels on pre-packaged electronic cigarettes. They're actually labeled as a tobacco product. Electronic cigarettes have no evidence proving their safety or effectiveness as cessation devices.

A recent study shows that electronic cigarettes attracted youth who were otherwise at a low risk of smoking and that kids who started with e-cigarettes were much more likely to be smoking cigarettes a year later than kids who did not start with e-cigarettes.⁵

Currently, 24 cities in the State of North Dakota have adopted city ordinances that treat electronic cigarettes/liquid nicotine similarly to tobacco⁶. Measure 4 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.

Source:

- 1 - <https://www.nd.gov/veterans/acova>
- 2 - <http://www.nd.gov/dhs/services/mentalhealth/ndmhpc/>
- 3 - <http://www.hhs.gov/ash/oah/adolescent-health-topics/substance-abuse/tobacco/trends.html>,
http://www.cdc.gov/tobacco/data_statistics/fact_sheets/youth_data/tobacco_use/
- 4 - <http://www.nd.gov/dhs/info/pubs/abuse.html>
- 5 - <http://tobacco.ucsf.edu/evidence-e-cigs-are-expanding-cigarette-market-recruiting-kids-just-keeps-piling>
- 6 - <http://www.breathend.com/TobaccosHarm/ecigs/>