

# MICROFILM DIVIDER

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*Dorothy Hall*  
Operator's Signature

10/2/03  
Date

2003 HOUSE FINANCE AND TAXATION

HB 1174

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*Dennis Hall*  
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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1174

House Finance and Taxation Committee

Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
1		X	5.2

Committee Clerk Signature *Janice Stein*

Minutes:

**REP. WESLEY BELTER, CHAIRMAN** Called the hearing to order.

**REP. MIKE GROSZ, DIST. 42, GRAND FORKS,** Introduced the bill. See written testimony.

**REP. IVERSON** Asked whether Rep. Grosz was prepared to prohibit the sale of alcohol and other current illegal products which the government says causes health problems also.

**REP. GROSZ** Stated he did not look at alcohol, because in previous articles in the Bismarck Tribune, it actually stated that alcohol was actually good for you, if used in moderation.

**REP. IVERSON** You pointed out statistics where 1000 North Dakotans died, is there another greater killer out there, other than tobacco, that more North Dakotans die from each year?

**REP. GROSZ** Stated he had not looked into the stats on that, according to the ads on television, it seems like tobacco is the number one killer.

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**REP. IVERSON** Asked how this bill would deal with increased incarceration of individuals who will undoubtedly break this prohibition.

**REP. GROSZ** Stated, the penalties in the bill were misdemeanors. The judge could possibly, give a year of incarceration, but the fines may be the direct version of penalizing people.

**REP. DROYDAL** Congratulated Rep. Grosz for bringing up this subject.

He referred to the statistic of youth smoking of 35%, we currently prohibit youths from buying tobacco products, yet we are the highest in the nation. You also have Indian land, which is not subject to our laws, we have expressed concern before of purchasing tax-free tobacco from the reservations, is this going to drive those smokers to the tax-free purchases?

**REP. GROSZ** If you look at it from that point of loss, I can see where your point is coming from, however, if you look at the cost associated with this, and the economic impact it adds on our state with the three hundred fifty one million dollars in direct costs, I don't think they will go outside our state to purchase this, because the use is illegal. It can be enforced if you light up.

**REP. DROYDAL** If somebody lights up in their home and stands in front of the window, a cop could go in and arrest them?

**REP. GROSZ** I am not sure about the search and seizure laws.

**TOM WOODMANSEE, PRESIDENT OF THE NORTH DAKOTA GROCERS**

**ASSOCIATION** Testified in support of the bill. See written testimony.

**MICK GROSZ, INDIVIDUAL REPRESENTING HIMSELF, HAZEN, ND** Testified in support of the bill. He stated, during his stint in the legislature, he heard many concerns about tobacco products, the cost of tobacco. We were told many things. We were told education could solve the problem. They raised taxes on tobacco users, they entered into a multi-state

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lawsuit, and had a settlement from the tobacco users, to get money back for costs that the state spent on tobacco related illnesses. The state takes in about fifty million dollars per biennium, that is the fiscal note on it. The state is taking care of their costs, but the societal costs, which we pay as individuals, when our insurance premiums go up, and the cost of our groceries go up, everything goes up to pay for this three hundred and fifty million dollars. Maybe our employees don't show up, someone is paying that three hundred and fifty million dollars. As a legislature and officials, we have taken care of the state part of it, we have not taken care of the societal costs of it. Not too many years ago, we legalized gambling in North Dakota, and let it expand, I would ask any of you, have our societal costs gone down because we legalized gambling? Will our societal costs go down if we legalize drugs? I daresay that our societal problems will get a whole lot worse if we make heroin and meth legal. Why are we fighting meth so hard, why don't we just tax it and educate people, because we know it won't work. He stated, while he was a member of the Finance & Tax Committee, a health official testified that tobacco was more addictive than heroin, and yet we let it on the market. If we can tax it, it is better. As an individual, I would like help in reducing my costs, attributed by this product. If it saves one life, it would be worth passing this bill.

**CAROL TWO EAGLES** Testified stating certain religions required the use of tobacco during their religious practices. She suggested amendments to the bill so that there could be exemptions for religious reasons.

**KATHLEEN MANGSKAU, TOBACCO PROGRAM ADMINISTRATOR, NORTH DAKOTA DEPARTMENT OF HEALTH.** Testified in a neutral position. See written

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testimony.

**REP. FROELICH** Stated that there would be a loss of fifty million in tax revenue, if this bill passed, is there somewhere we can cut fifty million from the tax revenue?

**KATHLEEN MANGSKAU** Stated, at this point, it would be a decision for the legislature to make.

**REP. BELTER** We have been spending money on education and I have seen them spend a lot of money on the DARE program for drugs, and yet drug use throughout the United States does not seem to be going down, we are trying to do the same thing with tobacco, and now tobacco smoking among the young, has gone up. Where are we failing here?

**KATHLEEN MANGSKAU** Tobacco use in North Dakota is a significant problem, however, what we need to look at, is programs that have evidence base, that we know work. The DARE program, is not an evidence based program, cited by the Center of Disease Control, as being an effective method to promote quitting among youth. There are evidence based programs that we could put in place, that we know work. Those are the strategies, that we need to promote in our state. The number of youth that currently smoke, is about 35.3%, that is down from 41% set in 1999. We have seen a decrease of 6% between 1999 and 2001. We believe that directly attributable to the programs we are starting to put in place.

**REP. GROSZ** In your presentation, you stated that for every one dollar spent, three dollars are seen in health care costs, however, we still have three hundred and fifty one million dollars of health care costs, does the state have enough money to effectively, get that number down there, if it is a one to three match?

**KATHLEEN MANGSKAU** Currently, in North Dakota, we do not spend, for tobacco control

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