

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE PRINCIPAL CLERK

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HOUSE DRH40412-MGfa-104C (03/17)

Short Title: Restore Funding for Tobacco Use Prevention. (Public)

Sponsors: Representatives Queen and Fisher (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT APPROPRIATING FUNDS TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF PUBLIC HEALTH, FOR YOUTH TOBACCO USE PREVENTION AND INCREASING THE TAX ON VAPOR PRODUCTS IN ORDER TO FUND THIS APPROPRIATION.

Whereas, tobacco use remains the number one preventable cause of early death and disease in North Carolina and the United States; and

Whereas, smoking is a major risk factor for heart disease, stroke, cancer in almost every part of the body, chronic obstructive pulmonary diseases, and Type 2 diabetes; and

Whereas, for each death, there are 30 more people who are sick or disabled because of tobacco use; and

Whereas, North Carolina is ranked 29th in the nation for cigarette smoking and 36th in the nation for smokeless tobacco use; and

Whereas, North Carolina's direct medical costs from smoking are \$3,810,000,000 per year; and

Whereas, a 2011 published study estimated the annual health care costs from second-hand smoke in North Carolina at \$293,000,000; and

Whereas, North Carolina is ranked 47th in the nation for state spending on evidence-based tobacco prevention and control programs; and

Whereas, according to the federal Centers for Disease Control and Prevention, smoking and smokeless tobacco use are initiated and established primarily during adolescence; and

Whereas, if smoking persists at the current rate among youth in this country, 5.6 million of today's Americans younger than 18 years of age are projected to die prematurely from a smoking-related illness, which represents approximately one in every 13 Americans aged 17 years or younger alive today; and

Whereas, the 2013 NC Youth Tobacco Survey results show a significant increase in overall teen tobacco use due to the increase in use of certain emerging tobacco products, including electronic cigarettes and hookahs; and

Whereas, overall tobacco use among North Carolina high school students increased from 25.8% to 29.7% from 2011 to 2013; and

Whereas, electronic cigarette use by North Carolina high school students increased 352% between 2011 and 2013, from 1.7% to 7.7%; and

Whereas, among high school tobacco users in North Carolina, 19.1% report using more than one tobacco product; and



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1 Whereas, 10% of high school students said they are considering using electronic
2 cigarettes in the next year and 10.6% of high school students are considering hookah use in the
3 next year; and

4 Whereas, in 2001, 17.5% of teenaged mothers smoked during pregnancy and only
5 18% to 25% of all women quit smoking once they become pregnant; and

6 Whereas, babies of mothers who smoked during pregnancy have lower birth
7 weights, which is a leading cause of infant deaths; and

8 Whereas, compared with unexposed infants, babies exposed to second-hand smoke
9 after birth are at twice the risk for Sudden Infant Death Syndrome and infants whose mothers
10 smoked before and after birth are at three to four times greater risk; and

11 Whereas, mothers' smoking during pregnancy reduces their babies' lung function;
12 and

13 Whereas, children and adolescents who smoke are less physically fit and have more
14 respiratory illnesses than their nonsmoking peers; and

15 Whereas, smoking by children and adolescents is related to impaired lung growth,
16 chronic coughing, and wheezing; and

17 Whereas, based on the foregoing, it is imperative to restore funding for youth
18 tobacco use prevention programs to educate young people about the impact of using all types of
19 tobacco and nicotine products before it becomes a public health crisis; and

20 Whereas, the North Carolina tax on vapor products that will be effective starting
21 July 1, 2015, is far less than the North Carolina tax for cigarettes and other tobacco products;
22 and

23 Whereas, raising the tax rate on vapor products would generate additional revenue
24 that could be used for life-saving tobacco prevention efforts; Now, therefore,
25 The General Assembly of North Carolina enacts:

26 **SECTION 1.** G.S. 105-113.35 reads as rewritten:

27 "**§ 105-113.35. Tax on tobacco products other than cigarettes.**

28 (a) Tax on Tobacco and Vapor Products. – An excise tax is levied on tobacco products
29 other than cigarettes ~~and vapor products~~ at the rate of twelve and eight-tenths percent (12.8%)
30 of the cost price of the products.

31 ~~(a1) Tax on Vapor Products. — An excise tax is levied on vapor products at the rate of~~
32 ~~five cents (5¢) per fluid milliliter of consumable product. All invoices for vapor products issued~~
33 ~~by manufacturers must state the amount of consumable product in milliliters.~~

34 "

35 **SECTION 2.** G.S. 105-113.40A reads as rewritten:

36 "**§ 105-113.40A. Use of tax proceeds.**

37 The Secretary must credit the net proceeds of the tax collected under this Part as follows:

38 (1) An amount equal to three percent (3%) of the cost price of the products to
39 the General Fund.

40 (1a) An amount equal to the revenue ~~generated by the tax on vapor products~~
41 ~~under G.S. 105-113.35(a1)~~ that would have been generated in the 2014-2015
42 fiscal year by an excise tax levied on vapor products at the rate of five cents
43 (5¢) per fluid milliliter of consumable product, based on sales data for that
44 time period, to the General Fund.

45 (1b) An amount equal to the revenue generated by the tax on vapor products
46 under G.S. 105-113.35 less the amount indicated in subsection (1a) of this
47 section to the Youth Tobacco Use Prevention Fund established in
48 G.S. 143C-9-5.10.

49 (2) The remainder to the University Cancer Research Fund established under
50 G.S. 116-29.1."

1 **SECTION 3.** Article 9 of Chapter 143C of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 143C-9-5.10. Youth Tobacco Use Prevention Fund.**

4 (a) The Youth Tobacco Use Prevention Fund is established as a special revenue fund in
5 the Department of Health and Human Services. Allocations from the fund shall be used only
6 for the purpose of youth tobacco use prevention programs and initiatives.

7 (b) Effective July 1 of each calendar year, the funds remitted to the Youth Tobacco Use
8 Prevention Fund by the Secretary of Revenue from the tax on vapor products pursuant to
9 G.S. 105-113.40A are appropriated to the Department of Health and Human Services, Division
10 of Public Health, for youth tobacco use prevention programs and initiatives.

11 (c) By November 1 of each year, the Department of Health and Human Services shall
12 provide to the Joint Legislative Oversight Committee on Health and Human Services and to the
13 Office of State Budget and Management an annual financial report which shall include an
14 accounting of expenditures of State funds related to youth tobacco use prevention."

15 **SECTION 4.** This act becomes effective July 1, 2015.