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IN YOUR FILE: HB 249

-memo from staff

-position paper from Department of Revenue

-position paper form DHSS

-briefing paper from Alaska Lung Association

-letter from Alaska Environmental Lobby



Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

OFFICIAL BUSINESS

POUCH V
JUNEAU, AK 99811
465-3759

TO: Members of the House HESS Committee

FROM: Deborah Niedermeyer, Committee Aide

DATE: 13 March, 1985

RE: HB 249, cigarette tax

HB 249 raises the tax on a pack of cigarettes by 8¢. This probably would not change the price of cigarettes because the federal tax on cigarettes is scheduled to drop by 8¢ on October 1. It is possible, however, that Congress will decide not to lower the tax.

The bill will raise \$5.6 million per year for the state.

The current Alaska tax on cigarettes is 8¢ per pack. Four states have lower cigarette taxes, they are North Carolina, 2¢, Virginia, 2½¢, Kentucky, 3¢ and South Carolina, 7¢. All other state cigarette taxes are higher, with the average at 15.6¢ per pack.

The Division of Public Health quotes national estimates that a 10% increase in the price of cigarettes results in a 4.2% decrease in consumption. For teenagers it results in a 14% decrease.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 3/7/85

REQUEST

Bill/Resolution No: HB 249
 Title: Cigarette Tax Increase
 Sponsor: Adams, M.M. Miller, Binkley,
 Hurley and Pourchot
 Requestor: Health Education & Soc. Svcs
 Date of Request: March 7, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Collection and
 Management
 BRU, Program of Subprogram(s) Affected:
Audit Division
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>CAPITAL</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>REVENUE</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Attach a separate page for analysis.

Prepared By: Martin J. Richard
 Division: Audit Division

Phone: 465-2320
 Date: March 7, 1985

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 3/7/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST
 Bill/Resolution No: HB 249
 Title: An Act increasing the excise tax on cigarettes
 Sponsor: Adams, Miller, Binkley, Hurley, Pourchot
 Requestor: Health Education & Social Svcs
 Date of Request: March 6, 1985

Revision Date _____
 FISCAL DETAIL
 Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	4,099.2	5,600.0	5,600.0	5,600.0	5,600.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS:

It is assumed that the number of net taxable cigarettes will reach a level of 1.4 billion annually and remain at that level for the forecast period. HB 249 raises the General Fund portion of the cigarette tax from a rate of 1-1/2 mills (\$.0015) to 5-1/2 mills (\$.0055) per cigarette. The school fund also receives 2-1/2 mills (.0025) per cigarette, a rate not changed by the legislation. The FY 86 figure is adjusted to account for the fact that the new tax would apply to only part of that year.

Prepared By: David R. Tonkovich^{WAT}
 Division: Research Section

Phone: 465-2173
 Date: 3/6/85

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 3/7/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

POSITION PAPER

HOUSE BILL NO. 249

For "An Act increasing the excise tax on cigarettes; and providing for an effective date.

This bill provides for an increase in the cigarette excise tax and states an intent that resulting revenues be used for health care and health education programs.

The bill's introduction is particularly timely in view of the likelihood of a reduction in the federal excise tax from the "temporary" level of sixteen cents per pack established in 1962 to a "permanent" level of eight cents per pack. Nationally, it is estimated that even a ten per cent increase in the price of cigarettes would result in a 4.2 percent decrease in consumption. For teenagers, the decrease might reach 14 percent.

Nationally, it is estimated that from 25 to 35 percent of cancer in the male population and five to ten percent in the female population is mainly due to the smoking of tobacco products, primarily cigarettes. Smoking cessation is imperative if the high toll of cancer in this country is to be reduced. This legislation is a rare example of doing good by increasing taxes since it would discourage consumption and help to educate Alaskans regarding the dangers of tobacco use.

The Department strongly supports this bill.

Recommended by:

Robert I. Fraser for
Robert I. Fraser, M.D.
Director
Division of Public Health

Date:

3/7/85

Approved by:

John R. Pugh
John R. Pugh
Commissioner
Department of Health and
Social Services

Date:

3/7/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: HR 249
 Title: Increasing excise tax on
cigarettes
 Sponsor: M.M. Miller, et al.
 Requestor: _____
 Date of Request: 3/04/85

FISCAL DETAIL
 Agency Affected: Health & Social Services
 Program Category Affected: Public Health
 BRU, Program or Subprogram(s) Affected: _____
State Health Services
Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert I. Fraser, M.D. Phone: 465-3090
 Division: Public Health Date: 3/4/85

Approved by Commissioner: Jan R. [Signature] Date: 3/6/85 jcc
 Agency: Department of Health & Social Services

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

THE CIGARETTE TAX IN ALASKA

An Opportunity for Investing in Health

The following information has been developed by representation from several organizations which support the concept of increasing the Alaska State tax on cigarettes and utilizing the funds generated for health promotion. Among the organizations which have passed resolutions of support as of January 23, 1985, are the Alaska Lung Association, the American Cancer Society, the Alaska Public Health Association, the Alaska Health Educators Consortium, the Alaska Native Health Board, the Municipal Health Commission of Anchorage and the Alaska Council on Smoking or Health.

Curtis Mekemson, Executive Director

~~Alaska Lung Association~~

January 23, 1985

THE CIGARETTE TAX IN ALASKA
An Opportunity for Investing in Health

INTRODUCTION AND SUMMARY

During 1965 Alaska has an opportunity to recapture \$6,000,000 a year it has been sending to Washington in cigarette taxes, develop what may be one of the most effective health promotion programs in the nation, and discourage an increase in smoking among young people and others. How can the State achieve these goals?

In 1983 Congress doubled its tax on cigarettes from 8-16 cents with the condition that the tax would return to 8 cents on October 1, 1985 unless Congress acted to do otherwise. Congress, after considerable debate and pressure from the tobacco lobbyists, chose not to act during its last session. Its inaction will have the effect of reducing the price of cigarettes and costing the Federal Government billions of dollars in revenues.

Washington's loss could become Alaska's gain. By passing and signing legislation to increase Alaska's tax on cigarettes by 8 cents, the State may be able to collect the money it has been sending to Washington without increasing taxes. Maintaining the price of cigarettes will have the added benefit of discouraging the increase in smoking which will result if the price of cigarettes drop. Finally, if the new revenues are focused on health promotion, the gain could be multiplied many times by reducing Alaska's serious health risk factors such as smoking and alcohol consumption.

Implementing an effective health promotion program will depend upon establishing long term goals, supporting statewide media and school health campaigns, and encouraging local community initiatives. Direction for such an effort will involve creating an appropriate structure within State government to develop a 5 year health promotion plan for Alaska, oversee statewide campaigns, provide grants to local communities, evaluate the success of the health promotion programs, and provide advice to the Governor, Legislature and appropriate State Departments on health related projects and plans.

Following is a more detailed discussion of the tax, the correlation between smoking and price, the health effects of smoking, the seriousness of Alaska's health problems, the potential of a health promotion's program, and a suggested list of activities which could be carried out in a statewide health promotion program.

THE CIGARETTE TAX IN ALASKA
An Opportunity for Investing in Health
Page 2

THE CIGARETTE TAX IN ALASKA

Alaska presently has a four mill levy on each cigarette which is the equivalent to eight cents a pack and raises approximately \$6,000,000 a year. Two and one half of the four mills collected goes into a special school building fund which was created in 1956. In 1961 an additional 1½ mills was added to the tax and goes into the general fund. The only significant change in the last 23 years has been to exempt application of the tax on military services.

Nationally, only four states have lower taxes than Alaska. These include North Carolina at .02, Virginia at .025, Kentucky at .03, and South Carolina at .07. Each of these States is involved in substantial tobacco production. The average State tax is 15.6 cents per pack, close to double that of Alaska.

It is difficult to predict what will happen with the Federal tax. An effort is being planned by the National Council on Smoking or Health to reinstitute the eight cents to be dropped in October 85. Obviously they will be opposed by tobacco interests. Even if the eight cents is reinstated, however, the low level of the Alaskan tax and the value of an expanded health promotion effort in Alaska would justify the new State tax.

Doubling Alaska's tax to 8 mills or 16 cents will increase State cigarette tax revenues to approximately \$12,000,000 a year. Since there is already an established procedure for collecting the tax from wholesalers by the Department of Revenue, collecting the new tax should involve a minimal of effort and expense.

Any new tax cannot be dedicated to a specific purpose under the Alaska Constitution. (The school fund is an exception because it was in effect prior to the adoption of the constitution.) Legislative intent for the expenditure of funds can be expressed however. Specific appropriation then goes through the normal budgetary process and is up for reconsideration each year.

CIGARETTE SMOKING AND PRICE

A direct correlation exists between smoking and price. As the cost of smoking goes up, the percentage of smoking drops. A study done by Professor Eugene Lewit and other economists for the College of Medicine and Dentistry of New Jersey showed a 10% increase in the price of cigarettes would lead to a 4% overall drop in smoking. Among teenagers the drop would be 14%! Conversely, a drop in prices will encourage an increase in smoking - again with teenagers being the most effected.

SMOKING, HEALTH, AND ECONOMICS

The health effects of cigarette smoking are extremely well documented. Smoking is the major cause of lung cancer, heart disease, emphysema, and chronic bronchitis. In fact, smoking is the single most preventable cause of disease. In 1985 over 340,000 Americans will die prematurely because of their smoking habit. Millions more will live with crippled lungs and strained hearts.

Human suffering is only part of the picture. Smoking related diseases cost some 16 billion dollars in medical care resources yearly - a figure which can be translated into an extra \$100 per year in extra taxes and health insurance premiums for working adults. This applies whether the person smokes or not.

Many other costs such as lost working days, fire damage, special ventilation systems, etc. add to the bill we all get to pay. Information from Senator Ted Stevens to Dr. James Sproull of Anchorage placed these costs at 26 billion dollars for a total of 42 billion. As Stevens noted "The overall economic loss to the nation due to smoking is staggering."

SMOKING AND OTHER HEALTH RISK FACTORS IN ALASKA

For whatever the reasons, Alaskans tend to be toward the top of national statistics in pursuing habits with high health risk factors. Following is a discussion of four key indicators: smoking, alcohol abuse, accidents, and mental health.

SMOKING: Thirty six percent of adult Alaskans smoke. Only two states, Kentucky at 36.6% and North Carolina at 37.7%, exceed Alaska. Once again, both of these states are tobacco producing. Another statistic indicative of Alaskans smoking habits is that the number of cigarette packs sold per capita in the U.S. dropped by 4.6% between 1976 - 1982 while increasing by 4.2% in Alaska. An 8.6% difference. Eventually, these figures will be translated into more lung cancer, heart disease and emphysema.

ALCOHOL. Another very apparent health risk to Alaskans is excessive alcohol consumption. A statewide health survey carried out by the Department of Health and Social Services in 1984 showed this to be the number one concern of the various groups surveyed. Alaskans are number 12 nationally in acute drinking and take the number 3 spot

for chronic drinking. (Acute is defined as 5 or more drinks on an occasion one or more times per month and chronic is defined as 2 or more drinks per day or 14 or more drinks per week.) The two states which exceed Alaska in chronic drinking are New Hampshire and Florida. In per capita consumption of distilled spirits we are also close to the top. Alaska consumes 3.3 gallons per person, New Hampshire 4.8, Nevada 5.7, and Washington D.C. 6.

ACCIDENTS: Accidents rates are also very high in Alaska. 1981 census figures showed Alaska with an accidental death rate of 89.3 per 100,000 population in comparison with 43.2 for the nation. Not surprisingly, the major differences were aircraft and water related.

MENTAL HEALTH: Mental health is also a problem as reflected by such indicators as suicide, family violence, child abuse, and violent crimes. Often alcohol plays an important role. In 1980 suicide was the fifth leading cause of statewide mortality. The rate of 17.7 suicides per 100,000 compares with a U.S. rate of 12.2. It is also important to note that the suicide rate increased from 13.2 per 100,000 in 1970 to the 17.7 in 1980.

What the above statistics relate is Alaska is facing a serious health crises with both short and long term implications which will result in considerable human suffering. It will also result in the expenditure of millions of dollars in public and private funds. A critical point of this paper is an aggressive health promotion program can reduce the suffering and will eventually more than pay for itself in reduced health care costs.

HEALTH PROMOTION AS A TOOL IN DISEASE PREVENTION

Risk factor intervention through health promotion has become a major tool for preventing cardiovascular diseases, cancer, cirrhosis of the liver, accidents, and chronic lung disease -- the major current health problems in modern nations. Numerous approaches are used and are necessary in successful programs. Four of the most important include reaching young people through comprehensive health education, educating the general public through mass media efforts, promoting self help in local communities and at the workplace, and utilizing the medical care de-

livery system in promoting health among high risk groups. A growing body of evidence supports the effectiveness of efforts:

- ° In school health a long term study has recently been completed by the University of Washington on the impact of the Primary Grades Health Promotion Project, Growing Healthy. (Growing Healthy is a comprehensive school health curriculum which was developed in Berkeley and Seattle in the early 70's and is now being utilized nationally by numerous school districts.) A summary of the findings state that "the curricula have a positive impact upon children's current levels of knowledge about health and their attitude toward health...and upon present and future health practices of students and their families."
- ° The Stanford Heart Disease Prevention Program provides considerable support for community wide programs. Utilizing a multimedia campaign for the general public and intensive instruction for high risk individuals in three Northern California Communities, the risk for coronary heart disease was reduced 15% to 20% among total participants and 30% among the high risk group.
- ° A similar experiment carried out in Finland over 4½ years with a largely rural population showed decreased cigarette smoking, decreased blood pressure, and a considerable reduction in the incidence of strokes -- from 3.6 to 1.9 per 1,000 males and 2.8 to 1.8 per 1,000 females.

What each of these health promotion programs have in common is they were carried out over a long period of time and they were comprehensive in their approach. They demonstrate that done right, health promotion can make a significant difference.

AN INVESTMENT IN HEALTH

The cigarette tax revenues utilized in health promotion can help assure a healthier future for Alaska. Life style issues which deserve attention include smoking, nutrition, alcohol and other drug use, safety, mental health, and fitness. Maximizing the impact of the health promotion program will depend upon several factors.

- ° A long term commitment to the program is needed. Establishing positive health habits takes several years. One way to help assure the necessary focus is to develop a 5-year health

promotion plan for the State. The plan should include specific goals and objectives that can be carefully evaluated during and at the completion of the program.

- ° Reaching young people must be a priority. This will require working closely with the education system. While mandating a specific comprehensive health education program may not be desirable, the State should provide all school districts with the best materials and training in comprehensive school health available. Joint financing of program implementation may also be desirable.
- ° Local initiative is critical. The key to health promotion lies in encouraging people to take responsibility for their own health. A way to encourage such initiative will be to make grants available to local communities and organizations to help carry out the five-year plan. Grants should be closely monitored for effectiveness in terms of achieving the plans goals and objectives.
- ° Statewide campaigns primarily utilizing the media can provide valuable support to school and local initiative efforts. The tobacco and liquor industry spend millions to get their message across. The real message is advertising pays. It can work as effectively in discouraging smoking and excessive drinking as it does to promote it.

Carrying out the type of program outlined above will require considerable initiative creativity and energy. Success will depend upon establishing an adequately staffed office within State government that has the necessary charge and flexibility to implement the program. It will also depend upon seeking advice and involvement from the various interests within the State concerned with health promotion. Some type of advisory body should be established to achieve the latter objectives.

CONCLUSION

The cigarette tax combined with health promotion concept provides Alaska with a unique opportunity to promote wellness and encourage the avoidance of unnecessary health risks.



Alaska Environmental Lobby, Inc.

204 N. Franklin Street, Suite 3 Juneau, Alaska 99801

907-586-2345

March 12, 1985

Rep. Niilo Koponen, Co-Chairperson
Rep. Max Gruenberg, Co-Chairperson
House Health, Education & Social Services Committee
Pouch Y
Juneau, AK 99811

Dear Representatives Koponen and Gruenberg:


The Alaska Environmental Lobby, Inc. endorses HB 249 "An Act increasing the excise tax on cigarettes." By increasing the state's tax to match the corresponding decrease in Federal excise tax, the state of Alaska has the unique opportunity to gain approximately \$6,000,000 per year of "new" revenues with no increase in price to the consumer. This new pool of money could be well-spent on health education and promotion.

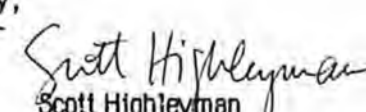
Nationally only four states have a lower tax than Alaska. These include the substantial tobacco producing states North Carolina, South Carolina, Virginia and Kentucky. The average state tax is 15.6 cents per pack--almost double that of Alaska. Doubling Alaska's tax to 8 mills or 16 cents will increase State cigarette tax revenues to approximately \$12,000,000 a year. Since the Department of Revenue already has an established procedure for collecting the tax from wholesalers, the new tax would involve a minimum of effort and expense.

Maintaining the price of cigarettes at current levels will have the added benefit of discouraging the increase in smoking which will result if the price of cigarettes drop. Additionally, if the new revenues are focused on health promotion, the gain could be multiplied many times by reducing Alaska's serious health risk factors such as smoking and alcohol consumption.

Washington's loss could become Alaska's gain. By passing and signing legislation to increase Alaska's tax on cigarettes, the state would be able to collect the money it has been sending to Washington without affecting price. At a time when we are faced with projected decreases in state revenue and decreases in Federal aid in many areas, HB 249 makes good sense both economically and for the sake of a healthy human environment.

The Alaska Environment Lobby endorses HB 249 and urges your support. Thank you for your attention to this important bill.

Sincerely,

Mark Stasik
AEL Volunteer


Scott Highleyman
Executive Director

cc: Rep. Adams
Rep. M. M. Miller
Rep. Binkley
Rep. Hurley
Rep. Pourchot

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • JUNEAU GROUP, SIERRA CLUB • SITKA GROUP, SIERRA CLUB
KNIK GROUP, SIERRA CLUB • DENALI GROUP, SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
DENALI CITIZENS COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • ALASKA WILDERNESS GUIDES ASSOCIATION
SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER • SOUTHEAST ALASKA CONSERVATION COUNCIL

Date: 1/23/85

To: Senator Vic Fischer

From: Steve

Re: Statements for Cigarette Tax Bill Introduction

* This measure would raise the state cigarette tax from eight to 16 cents, capturing for the general fund the eight cents federal tax reduction for cigarettes that takes effect on October 1, 1985.

* The cigarette tax has not been increased since 1961 -- 23 years ago.

* The result is a \$6 million annual windfall for Alaska, while cigarette prices remain unchanged.

* At this time of projected revenue decreases, it would be irresponsible not to seek alternative means of generating revenue.

* This is a win-win situation. The state coffers increase, and cost of cigarettes is the same.

* The implementation of a comprehensive health promotion package in our schools is a major element of this statewide health education program.

* The US Surgeon General has called for a smoke-free generation. This bill would help Alaska achieve this goal, by discouraging any increase in smoking and promoting a statewide health education program.

* Smoking is a killer. This year, over 340,000 Americans will die prematurely because of their smoking habit. Millions more will live with smoking related heart disease, emphysema, lung cancer, and chronic bronchitis.

* Smoking related diseases cost some \$16 billion in medical care resources annually.

* Nationally, only four other states have lower cigarette taxes than Alaska. These states, North Carolina at 2¢, Virginia at 2½¢, Kentucky at 3¢ and South Carolina at 7¢, are major tobacco producers.

* The average state tax is 15.6 cents per pack, close to double that of Alaska, and about equal to the tax after this measure is enacted.

* If we do not act to at least keep cigarette prices stable, then we will be responsible for more Alaskans, especially teenage Alaskans, smoking. Studies have shown that a decrease in the price of cigarettes encourages a significant increase in smoking, particularly among youth.

* If a state tax increase is not realized, then more Alaskans will smoke -- translating into more lung cancer, heart disease, and emphysema.

* It is my intent to use some of the funds gained by this tax to support health promotion and education programs, in order to encourage healthy living practices and discourage smoking, drinking and drugs.



Coalition on Smoking OR Health

A PUBLIC POLICY PROJECT WITH THE
NATIONAL INTERAGENCY COUNCIL ON SMOKING AND HEALTH
1302 Eighteenth Street, N.W., Suite 603, Washington, D.C. 20036
(202) 785-8909

MID-YEAR LEGISLATIVE REVIEW

July 1984

HISTORIC COMPROMISE REACHED ON COMPREHENSIVE SMOKING EDUCATION ACT

After six months of extraordinary, intensive negotiations, an historic compromise acceptable to the Coalition on Smoking OR Health, its member organizations, the tobacco industry and a bipartisan group of the House of Representatives was reached on H.R.3979, the Comprehensive Smoking Education Act, on May 16, 1984. One day after the compromise was reached, the bill was approved unanimously by the Energy and Commerce Committee of the House of Representatives. This bill is now awaiting action by the full Senate and House.

The Comprehensive Smoking Education Act was introduced in November 1981 in the House of Representatives by Henry Waxman (D-CA) and in the Senate shortly thereafter by Senators Orrin Hatch (R-UT) and Robert Packwood (R-OR), all of whom have worked long and hard to secure its passage for the past three years. The negotiations which broke the stalemate which had been holding up the bill were led by Congressman Albert Gore, Jr. (D-TN), Mike Synar (D-OK), and Committee Chairman John Dingell (D-MI). Also participating in the negotiations were Representatives Al Swift (D-WA), Dennis Eckart (D-OH), and Gerry Sikorski (D-MN). The compromise is expected to be considered by both the Senate and the House in August or early September.

If enacted, the Comprehensive Smoking Education Act will:

- Replace the current health warning with 4 stronger, more prominently displayed, more specific health warnings on cigarette packages, cigarette advertisements and cigarette billboards;
- Create a statutory mandate for a federal office and a new federal interagency council to coordinate and oversee federal and private educational and research efforts concerning the health hazards of smoking; and
- Require cigarette companies to disclose to the Department of Health & Human Services a complete list of all chemicals and other ingredients added to cigarettes during the manufacturing process.

More specifically, the compromise version of the Comprehensive Smoking Education Act will require the following four labels to be rotated on all cigarette packages and cigarette advertisements beginning 12 months after its date of enactment



"CIGARETTE SMOKING IS THE SINGLE MOST PREVENTABLE CAUSE OF DEATH IN THE UNITED STATES"

The Coalition on Smoking OR Health and its member organizations responded promptly and positively. At a Joint News Conference held in New York City on May 29, 1984, Dr. Charles A. LeMaistre, announced, "Today, the member volunteer health agencies of the Coalition on Smoking OR Health announce their unity and determination to assist Dr. Koop and rid America of the single most preventable cause of illness — and the greatest threat to American health — cigarette smoking." At the same time, the American Cancer Society, the American Lung Association and the American Heart Association announced that in conjunction with the Surgeon General, the three voluntary health organizations would convene a National Conference in the near future for the purpose of developing a blueprint for making this goal a reality.

Dr. Koop's call for a "Smoke-Free Society by the Year 2000" coincided closely with the release of the federal government's most recent report on smoking. Three days after announcing the goal of a "Smoke-Free Society by the Year 2000", Dr. Koop issued the 17th Surgeon General's Report on the "Health Consequences of Smoking". Reviewing the results of this Report, Dr. Koop concluded, "We can say again today, with greater certainty than ever, that cigarettes are the most important individual health risk in this country, responsible for more premature death and disability than any other known agent." Dr. Koop added that the latest Report reaffirms the judgment of all six Surgeons General since 1964 that "cigarette smoking is the chief, single, avoidable cause of death in our society and the most important public health issue of our time."

CONGRESS FAILS TO ACT ON CIGARETTE EXCISE TAX

In mid-1982 Congress increased the federal excise tax on each pack of cigarettes for the first time in 31 years, doubling the tax from 8 cents per pack to 16 cents per pack. The impact of this Congressional action both on federal revenues and the health of this nation were substantial and immediate. Overall cigarette consumption in 1983 decreased by about 5% from 634 billion cigarettes the year before to approximately 603 billion cigarettes. In addition, federal revenues from cigarette excise taxes increased from 2.5 billion dollars in 1982 to 4.1 billion dollars in 1983 and to an estimated 5.1 billion dollars in 1984.

However, the success of the 1982 increase in the cigarette excise tax was tempered by the adoption by Congress of a sunset provision which provided that the cigarette excise tax would automatically drop back from 16 cents to 8 cents in October, 1985. Thus, the Coalition on Smoking OR Health and its member organizations began work immediately in an effort to convince Congress to repeal this sunset provision.

While the Coalition urged Congress to repeal the cigarette excise tax sunset provision during its consideration of this year's tax package, few expected Congress to take such action with the election only four months away. The Senate version of the tax package never mentioned cigarette excise taxes. The House version proposed what was labeled as a compromise in which the cigarette excise tax would have been reduced from 16 cents to 12 cents for a period of three years beginning in October 1985. With no public discussion about the reason for its actions even this compromise was rejected by the Conference Committee.

The public's response to Congress' failure to act was swift and strong. The Washington Post wrote:

COALITION ENDORSES CIVIL AERONAUTICS BOARD SUNSET ACT OF 1984

As the result of the Airline Deregulation Act of 1978, the CAB and the federal government's rules governing smoking aboard commercial aircraft will cease to exist at the end of 1984 unless Congress takes prompt, corrective action. Currently, the CAB regulates smoking aboard aircraft in fulfillment of its statutory obligation to insure that airlines provide fair and adequate service to airline passengers. When Congress passed the Airline Deregulation Act of 1978, it made no provision for the transfer of this power to another Federal agency.

With the support of the Coalition, Congressman Norman Mineta (D-CA) introduced H.R.5297, the Civil Aeronautics Board Sunset Act of 1984 on March 29, 1984. Among the provisions of this Act is a provision retaining the power of the federal government to regulate smoking aboard commercial aircraft and transferring that authority to the Secretary of the Department of Transportation. Hearings at which the Coalition testified were held on Congressman Mineta's proposal on March 14, 1984 before the Aviation Subcommittee of the House Committee on Public Works and Transportation. Although the airline industry did not actively oppose this provision, the Reagan Administration did, arguing that there is no need for federal regulation in this area. Despite the opposition of the Reagan Administration, H.R.5297 has now been approved by the House. In the Senate the bill was referred to the Aviation Subcommittee of the Senate Commerce Committee. Hearings on the bill were held on June 21, 1984. The Coalition submitted written testimony to the Committee at the hearings urging prompt and favorable action. The bill was acted on favorably by the full Senate Commerce Committee shortly before Congress recessed for the Democratic National Convention. The full Senate is expected to take up the measure within the next 60 days.

STEERING COMMITTEE COALITION ON SMOKING OR HEALTH

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American Lung Association

Alan Davis
American Cancer Society

John Kessler
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The Coalition on Smoking OR Health was founded on March 5, 1982 by the American Lung Association, the American Cancer Society and the American Heart Association to bring smoking prevention and education issues to the attention of legislators and other governmental officials. The Coalition also serves as a public policy project with the National Interagency Council on Smoking and Health, an organization backed by 24 additional private, health, education and youth leadership organizations.

NATIONAL PUBLIC ISSUE BRIEF - STATUS SHEET

DATE: August 23, 1984

ISSUE: THE COMPREHENSIVE SMOKING PREVENTION
EDUCATION ACT OF 1983

BILL NUMBERS: S. 772, H.R. 3979

STATUS:

- House: On May 17, 1984, the Energy and Commerce Committee approved H.R. 3979. No action to date on this bill in the House.
- Senate: In late summer of 1983, after a series of delays, S. 772 was approved by the full Committee on Labor and Human Resources. Senator Orrin Hatch (R-UT), chief sponsor and Chairman of the Committee has been working with Senate leadership and the Administration to ensure quick consideration and passage of the bill. No action to date in the Senate on this bill.
- The Coalition On Smoking Or Health is monitoring this bill very closely. Reports now indicate that a vote may occur in September.

CIGARETTE WARNING LABELS CONTAINED IN H.R. 3979, AS AMENDED

SURGEON GENERAL'S WARNING: Smoking Causes Lung Cancer, Heart Disease, Emphysema, And May Complicate Pregnancy.

SURGEON GENERAL'S WARNING: Quitting Smoking Now Greatly Reduces Serious Risks to Your Health.

SURGEON GENERAL'S WARNING: Smoking By Pregnant Women May Result in Fetal Injury, Premature Birth, And Low Birth Weight.

SURGEON GENERAL'S WARNING: Cigarette Smoke Contains Carbon Monoxide.

NATIONAL PUBLIC ISSUE BRIEF - STATUS SHEET

DATE: August 23, 1984

ISSUE: CIGARETTE EXCISE TAX

BILL NUMBERS: H.R. 4125, 4170, 3513

- STATUS:
- House: Earlier this year, the House included provisions dealing with the cigarette excise tax in the Omnibus Deficit Reduction Act of 1984. The House version would have allowed the excise tax to be reduced to only 12¢ instead of 8¢ and extended this figure through 1988.
 - Senate: The Senate version of the Omnibus Deficit Reduction Act did not include any provisions addressing the cigarette excise tax.
 - Conference: The House/Senate Conferees voted on June 22, 1984, to eliminate the cigarette excise tax from the Omnibus Deficit Reduction Act of 1984 (H.R. 4170). This means that the cigarette excise tax will return to 8¢ per pack in 1985 as called for in the 1982 legislation.

Introduced: 1/24/85
Referred: Health, Education & Social Services
and Finance

1 IN THE SENATE

BY V. FISCHER

2

SENATE BILL NO. 94

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act increasing the excise tax on cigarettes; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. INTENT. (a) It is the intent of the legislature that the
10 excise tax on cigarettes levied by this Act be used principally to fund
11 health promotion and education programs to enhance wellness, good nutri-
12 tion, and physical and mental fitness and to encourage the avoidance of
13 unnecessary health risks, including smoking and use of alcohol and other
14 drugs.

15 (b) The health promotion and education programs shall include
16 promoting the implementation of school health education programs statewide
17 for all grades; distributing and coordinating grants for statewide and
18 local health promotion and education programs; and developing a five-year
19 health promotion and education plan for the state, including one-year plans
20 of operation.

21 * Sec. 2. AS 43.50.190(a) is amended to read:

22 (a) There is levied an excise tax of five [ONE] and one-half
23 mills on each cigarette imported or acquired in this state.

24 * Sec. 3. This Act takes effect October 1, 1985.