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**REMARKS TO INTRODUCE SENATE BILL 461
BY
SENATOR RAYMOND D. RAWSON
BEFORE THE SENATE COMMITTEE ON FINANCE
APRIL 8, 2003**

INTRODUCTION

Senate Bill 461 has been introduced by the Task Force for the Fund for a Healthy Nevada.

- NRS 439.630 charges the Task Force to conduct public hearings to receive testimony on existing or proposed programs that, among other things:
 - Promote public health;
 - Reduce or prevent the use of tobacco; and
 - Offer information on health care in Nevada.
- Two objectives of the Task Force are to:
 - Reduce consumption; and
 - Address the need for health care, including ensuring that the number of professionals is adequate for the needs of our population.

Senate Bill 461 does two things:

- Increases the tax on cigarettes from the current 17.5 mills per cigarette to 50 mills per cigarette (from the current \$0.35 per pack to \$1.00 per pack); and
- Creates the Fund to Provide Scholarships to Students Enrolled in Programs to Become Health Care Professionals.

CONSUMPTION

Information provided to the Task Force suggests that taxes have an impact on tobacco use. (Handout—excerpts from a Microsoft PowerPoint

presentation titled "Tobacco Taxation" by Frank J. Chaloupka, Director, ImpacTeen, University of Illinois at Chicago.)

- Estimates indicate that a 10 percent rise in price reduces overall smoking by about 4 percent.
- Lower socioeconomic populations are more price responsive.
- Youth are three times more sensitive to price than adults while young adults are about twice as price sensitive.
- The greatest impact of price is in preventing transitions from experimental smoking to more regular smoking.
- An increase of \$1 in the current cigarette excise tax, would result in 2.3 million fewer smoking-attributable deaths over the projected 40-year period, according to a study conducted by the Pacific Institute for Research and Evaluation and the Roswell Park Cancer Institute.

RATE OF TAX INCREASES

According to the September 2002 edition of *State Legislatures*, a publication of the National Conference of State Legislatures (NCSL), **the rate of increase** in cigarette taxes ranged:

- From a high of \$0.75 in Connecticut and \$0.70 in New Jersey .
- To a low of \$0.12 in Louisiana and \$0.07 in Tennessee.
- New York's cigarette tax, as a result of a \$0.39 increase, is now at the highest rate in the country at \$1.50 per pack. New Jersey is also at that rate.
- On January 1, 2002, federal excise taxes increased from \$0.34 to \$0.39 per pack of cigarettes.

REVENUES IN S.B. 461

- New revenues would be earmarked as follows:
 - 40 percent to the State General Fund;
 - 20 percent to the Fund for a Healthy Nevada;

- 20 percent to the Fund to Provide Scholarships to Students Enrolled in Programs to Become Health Care Professionals; and
 - The balance to the Local Government Tax Distribution Account.
- New revenue estimates.
 - Fiscal Analysis Division of the Legislative Counsel Bureau in February estimated that:
 - Fiscal Year 2004 tax revenue at \$0.35 per pack = \$60,876,200.
 - Gross estimated revenues at \$1.00 per pack = \$173,932,000.
 - Consumption reduction at 6.5 percent.
 - Net estimated revenues at \$1.00 per pack = \$162,626,400.
 - Net increase in cigarette tax revenue for state = \$102,880,000.

HEALTH CARE PROFESSIONALS SCHOLARSHIP

Senate Bill 461 would create the Fund to Provide Scholarships to Students Enrolled in Programs to Become Health Care Professionals.

- The Task Force for the Fund for a Healthy Nevada would send a letter of intent to the University of Nevada Board of Regents indicating that it wants the scholarships to be awarded to nursing students until such time as the nursing shortage is alleviated.
- Assembly Bill 378 (2001 Session) set as a goal to double the number of nursing graduates by 2006-07.
- As S.B. 461 was drafted, it does not require that scholarship recipients work in Nevada, but that could be amended to the provisions of the bill.
- The committee is reminded that in 1989, S.B. 90 attempted to establish a loan program for nurses that required the UCCSN to match state funds with non-state revenues from any other sources. The appropriation

reverted because the program was never implemented. The UCCSN nursing programs could not raise the money.

CONCLUSION

- With Nevada's exploding population, health care workers are desperately needed.
- According to *Healthy People Nevada 2010*, from the Nevada Bureau of Health Planning and Statistics, Nevada has the highest tobacco smoking rate in the nation.
- A 10 percent increase in price results in a 4 percent reduction in smoking.
- The new revenues raised if S.B. 461 is enacted will:
 - Aid in addressing the budget shortfall;
 - Provide badly needed funds to assist more Nevadans to become health care professionals; and
 - Fund tobacco treatment and prevention programs.

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