## HOUSE RESEARCH =

## Bill Summary =

**FILE NUMBER:** H.F. 2194 **DATE:** April 14, 2009

**Version:** As amended by the author's amendment (H2194A1)

**Authors:** Murphy, E.

**Subject:** Colorectal cancer prevention and women's heart health programs

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## Overview

This bill raises the cigarette tax by \$1 per pack, increases the rate of the tobacco products tax from 35 percent to 70 percent, and sets a minimum price of \$2 per ounce for tobacco products in computing the tax. The additional revenues from these increases are deposited in the health care access fund and appropriations are made for the colorectal cancer prevention and women's heart health programs.

## Section

- **Title.** Provides the act may be cited as the "Act for a Healthy Future."
- Minnesota Colorectal Cancer Prevention Act. Establishes a demonstration program to reduce colon cancer in uninsured and underinsured individuals. To qualify, individuals must have family income at or below 250 percent of the poverty level, not be covered by insurance that covers colon cancer screening, and be over 50 years of age or be at high risk of colon cancer. Benefits include colon cancer screenings and follow up services. Individuals diagnosed with colon cancer will be covered by Medical Assistance for their treatment.
- Women's Heart Health Program. Directs the Commissioner of Health to develop a program to screen uninsured and underinsured women for heart disease. To qualify for the program, women must:
  - Be between 40 and 64 years old
  - Receive breast and cervical cancer screening under the SAGE program
  - Not be covered by insurance that covers the screening
  - Have family income at or below 250 percent of the poverty level.
- **Definition of tobacco products.** Modifies the definition of tobacco products, subject to the excise tax, to include any product containing either tobacco or nicotine that is intended for

consumption (without burning it), except smoking cessation products approved by the Food and Drug Administration.

Effective date: July 1, 2009

5 Cigarette excise tax. Raises the cigarette excise tax from 48 cents per pack of 20 by \$1 to \$1.48. In combination with the health impact fee (HIF), the combined tax and fee rate will equal \$2.23.

Effective date: July 1, 2009

**Tobacco products rate.** Increases the tax rate on tobacco products from 35 percent to 70 percent of the wholesale price. Under the author's amendment this will not affect the rate of the HIF.

Effective date: July 1, 2009

Minimum price on tobacco products. Provides that the tax on tobacco products will be calculated using a minimum price of \$2 per ounce, rather than the actual price. (The tax on tobacco products is based on wholesale prices. This would result in substituting \$2 per ounce, if the wholesale price were lower.) This minimum price level is indexed for future inflation using the consumer price index for tobacco products or other reliable data available to the commissioner.

**Effective date:** July 1, 2009 (indexing beginning July 1, 2010)

**Use tax on tobacco products.** Raises the rate under the use tax on tobacco products to match the increase under section 6.

Effective date: July 1, 2009

**Revenue dedication.** Dedicates the new revenues from the tax increases under the bill to the health care access fund.

Effective date: July 1, 2009

Floor stocks tax. Imposes a floor stocks tax on cigarettes equal to the \$1 increase under section 5 to the amount of product in inventory on July 1, 2009. This tax is due by July 15<sup>th</sup> with the return to be filed by August 14, 2009.

Effective date: July 1, 2009

Adjustment of cigarette sales tax rate. Directs the commissioner of revenue to adjust the per pack cigarette sales tax rate on July 1, 2009, to reflect the effects on prices of the tax increase under section 5.

**Effective date:** Day following final enactment

- **Appropriations.** Appropriates the following amounts from the health care access fund. The amounts are appropriated each year for fiscal years 2010 and 2011 (except as otherwise noted) and all are added to the appropriation base:
  - \$250,000 to the commissioner of health for data collection and other activities to

improve cardiovascular health

- \$47 million per biennium, starting FY2012-13, for the statewide health improvement program
- \$2 million for the Colorectal Cancer Prevention Act
- \$750,000 for the heart health program.