

WORK SESSION DOCUMENT

Task Force for the Fund for a Healthy Nevada
(Nevada Revised Statutes 439.625)

June 25, 2002

The following “Work Session Document” has been prepared by the staff of the Task Force for the Fund for a Healthy Nevada. It is designed as a working document to assist the members of the Task Force in making decisions during the work session.

The “Work Session Document” contains a summary of major recommendations, as designated by the Chairman for inclusion in the work session, that have been presented to the Task Force in public hearings and correspondence through this date. A citation concerning the source of each recommendation is noted at the end of the recommendation.

Possible actions available to the Task Force comprise: (1) amending the Nevada Revised Statutes (NRS); (2) drafting a resolution; or (3) including a statement or finding in the final report.

Administration and Distribution of Grants***Annual Rounds of Requests for Proposals***

1. Amend NRS (primarily at NRS 439.630) to clarify the Task Force for the Fund for a Healthy Nevada practice of awarding biennial grants. Nevada Revised Statutes 439.630 requires the Task Force to develop policies and procedures for the administration and distribution of grants. These procedures include “at least one competitive round of request for proposals per fiscal year.” The Task Force currently awards competitive grants once per biennium.

(Committee Discussion, April 24, 2002, meeting of the Task Force)

Substitution of Grant Agreements for State Contracts

2. Amend NRS to authorize the Department of Human Resources (DHR) to enter into “grant agreements” with recipients of grants from the Fund for a Healthy Nevada, rather than state contracts.

(Laura Hale, Grants Analyst, DHR, June 25, 2002—see attached memorandum [Attachment A])

Background

According to the attached memorandum from Laura Hale, Grants Analyst for DHR, currently no specific statutes or the *State Administrative Manual* provide guidance for the awarding of state funds through grants. As a default, DHR relies upon the state contract, which applies to independent contractors who are providing direct services to the state, rather than grantees who are providing services to the public. According to Ms. Hale, Cindy Pyzel, Chief Deputy Attorney General, has suggested that a bill draft may be in order to authorize DHR to substitute grant agreements for contracts to serve as the binding document.

Cigarette Sales Distribution, Regulation, and Taxation***Modification of State Pre-Emption of Local Actions***

3. Amend NRS (primarily at NRS 202.249) to authorize local governments or other governmental bodies to impose

restrictions on use, sale, distribution, marketing, or promotion of tobacco or tobacco products that are more restrictive than state statutes. Currently no agency, board, commission, or political subdivision of this state, including any agencies, boards, and commissions of any local government, may impose more stringent restrictions on use, distribution, or promotion of tobacco or tobacco products than the state imposes by statute.

(Denise Brodsky, Executive Director, Nevada Tobacco Prevention Coalition, January 15, 2002)

Cigarette Tax Increase

4. Amend NRS (primarily at NRS 370.165) to increase the tax per pack of cigarettes. Current law provides for a tax of 17.5 mills per cigarette (\$0.35 per pack). Pursuant to NRS 370.260, those revenues are distributed as follows: (1) to the Department of Taxation in an amount set by the Legislature to cover expenses incurred in the collection of the cigarette tax; (2) to the state general fund at 12.5 mills per cigarette; and (3) to the local government distribution account in an amount equal to the balance remaining for distribution to the counties and Carson City pursuant to NRS 360.670.

(Denise Brodsky, Executive Director, Nevada Tobacco Prevention Coalition, January 15, 2002)

Background

According to Dr. Frank J. Chaloupka, Director of ImpacTeen at the University of Illinois at Chicago (<http://tigger.uic.edu/~fjc/>), in January 2001, state cigarette excise taxes ranged from a high of \$1.11 per pack in New York to \$0.025 per pack in Virginia. Nevada ranked 25th among the 50 states and the District of Columbia. The average state tax in January 2001 was \$0.419 per pack.

In 2002, several states increased their cigarette excise taxes: According to the May 20, 2002, edition of *State Health Notes*, a publication of the National Conference of State Legislatures (NCSL), this year New York began taxing \$1.50 per pack; Hawaii will raise its tax to \$1.40 per pack in three phases through 2004; Maryland increased its tax to \$1 per pack; Connecticut will raise its tax to \$1.11 per pack; and Nebraska will enhance the tax to \$0.64. In 17 other states proposed increases are pending. Further, on January 1, 2002, federal excise taxes increased from \$0.34 to \$0.39 per pack of cigarettes.

In a presentation to NCSL's fifth National Health Policy Conference in Seattle, Washington, on November 16, 2001, Dr. Chaloupka stated that estimates indicate a 10 percent rise in price reduces overall smoking by approximately 4 percent.

According to the attached memorandum from Ted Zuend, Deputy Fiscal Analyst with the Fiscal Analysis Division of the Legislative Counsel Bureau, indicated that in FY 2001 the existing Nevada tax raised \$43.7 million for the state and \$17.1 million for local governments (Attachment B). Governor Kenny C. Guinn's budget for Fiscal Year 2002 and 2003 projected general fund revenues for FY 2002 at \$44,142,000 and for FY 2003 at \$45,025,000.

Issues for consideration by the Task Force include: (1) the amount of the cigarette tax increase; (2) the distribution of the increased revenues; and (3) the impact of a cigarette tax increase on the volume of sales at the smoke shops maintained by the Native American tribes.

Program for Cancer Supported by State General Funds

Cancer Care

5. Amend NRS, draft a resolution, or include a statement of support in the report to create a cancer care support program. This proposal advocates an appropriation of state general funds to DHR to contract with cancer care providers. Through the program these providers would offer financial assistance to needy cancer patients for medical, pharmaceutical, and transportation for treatment costs.

(David Piel, Legislative Liaison, and Kari Larson, Program Director, Carson Advocates for Cancer Care, June 12, 2002, communication with Task Force staff)