



Legislative Update

Aug. 12, 2009

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NC General Assembly Adjourns!

State Budget Approved with Only 10 cent Cigarette Tax Increase

A little over a month behind schedule, the NC General Assembly passed the State's budget (Senate Bill 202) late last week. The \$19 billion budget relies on \$986 million in new taxes and cuts more than \$2 billion in continuation spending. The final tax package includes a one-cent sales tax increase which is expected to raise \$800 million; a personal income tax surcharge on couples earning more than \$100,000 is projected to raise \$172.8 million; and, a corporate income tax surcharge which is expected to raise \$23.1 million. Both the sales and income tax hikes are set to expire in two years.

And, the final budget also includes tax increases on cigarettes, beer, wine and alcohol that are projected to raise \$68.8 million. Despite efforts by the Alliance to encourage a larger cigarette tax increase, the final budget included a small 10 cent increase in the cigarette tax which will yield no health benefit. The cigarette tax increase will go into effect on September 1. Though there was support for a significant cigarette tax increase among many legislators, a small group of House Democrats threatened to vote against the budget if a larger cigarette tax was included.

In this budget climate, raising the cigarette tax by only 10 cents is a lost opportunity. A \$1.00 cigarette tax could have raised \$347 million in the first year and kept 86,600 youth from starting to smoke. Cuts to local school systems totaled \$225 million and could have been averted with a significant increase in the cigarette tax. Even after the addition of the 10 cent tax increase, North Carolina will remain ranked as one of the lowest cigarette tax rates in the nation at just 45 cents. The national average now stands at \$1.31 (increased July 1). A lost opportunity, to be sure . . .

General Assembly Authorizes Creation of a Legislative Task Force on Childhood Obesity

In one of the final acts of the legislative session, the House and Senate both approved HB 945, known as the Study Bill. It has been sent to the Governor for signature. Included in the bill was authorization to create the Legislative Task Force on Childhood Obesity, as requested by Rep. Doug Yongue (D-Scotland).

The task force would consist of six House members (appointed by the Speaker) and six Senate members (appointed by the Senate President Pro Temp). As authorized, the task force shall recommend to the General Assembly strategies for addressing the problem of childhood obesity and encouraging healthy eating and increased physical activity among children through:

- (1) Early childhood intervention;
- (2) Childcare facilities;
- (3) Before and after-school programs;
- (4) Physical education and physical activity in schools;
- (5) Higher nutrition standards in schools;
- (6) Comprehensive nutrition education in schools;
- (7) Increased access to recreational activities for children;
- (8) Community initiatives and public awareness; and
- (9) Other means.

Of particular interest to the Alliance is the inclusion of physical education and physical activity in schools as well nutrition standards in schools.

The task force is encouraged to seek input from nonprofit organizations involved in these issue areas. The task force must conclude work and submit its report to the General Assembly by May 1, 2010.

Click [HERE](#) to view the final version of the study bill. The relevant portions are on pages 27 and 28.

Intermodal Transportation Funding Bill Passes Senate; Awaits Governor's Signature

In the past two weeks, the Senate approved HB 148 - the Intermodal Transportation Funding bill, and the House subsequently concurred with the Senate version of the bill, sending the bill to the Governor for signature. The bill allows counties to pay for transit improvements with a sales tax increase, if voters approve via referenda. The passage of HB 148 offers the potential for local funding for active transportation initiatives, including bike and pedestrian paths.

HB 148 was supported by the Alliance as part of its Built Environments policy agenda. The Alliance congratulates our many partners who led the way in developing broad consensus and support around this bill.

In summary, HB 148 will:

1. Grant two urban areas (the Triad and the Triangle) the authority to hold referenda on a ½ cent local options sales and use tax to be designated for transit purposes, including bike and pedestrian paths;
2. Allow all other counties to hold referenda on a ¼ cent sales and use tax to be designated for transit purposes, including bike and pedestrian paths;
3. Allow all counties the option to levy a local vehicle registration fee and county vehicle registration tax – capped at \$7.00 total for the combined fees - to be designated for transit purposes.

Click [HERE](#) to view the final version of the bill.

Session Summary of Alliance 2009 Legislative Priorities

Tobacco-Use Prevention Policy Priorities:

- **Protect public health by eliminating exposure to secondhand smoke:**
 - Advocate for legislation to make all NC worksites and public places 100% smoke-free, in combination with;
 - Advocate for legislation that restores local control so local communities can pass ordinances to protect the public from exposure to secondhand smoke.

Outcome: HB 2, making all restaurants and bars smoke-free on Jan. 2, 2010, was signed by the Governor on May 19. Efforts to keep HB 2 strong and to expand smoke-free policies to all NC worksites will be a continued focus for the Alliance Tobacco Policy Committee for next session.

- **Support an increase in North Carolina’s cigarette excise tax BY at least \$1.00 and support an excise tax increase on other tobacco (non-cigarette) products to the national average.**

Outcome: The final budget included a small cigarette tax increase of 10 cents per pack. However, the state is expected to face another large deficit in 2010. Expect significant discussion in the Alliance Tobacco Policy Committee about the cigarette tax as a priority for next session.

- **Promote Funding for Tobacco Use Prevention and Cessation Programs:** Strategically protect existing and secure new public funding and state appropriations, including Master Settlement Agreement Funds, that support effective (and evidence-based) tobacco use prevention and cessation programs and other public health initiatives and evaluation targeted at reducing the impact of tobacco use on health and the disparities that exist related to tobacco use prevention.

Outcome: Due to the budget shortfall, the Tobacco Quitline lost all state funding (\$500,000). However, the Health and Wellness Trust Fund (HWTF) has committed to continue funding as far as they are able given budget circumstances. Both the HWTF and Tobacco Trust Fund lost \$5,000,000 each in transfers to the General Fund to help offset the budget shortfall.

Obesity Prevention Policy Priorities:

- **Promote physical activity and education among youth in schools:**
 - Establish statewide “quality” physical education guidelines in NC’s Basic Education Program;
 - Mandate and appropriately fund minimum requirements of minutes per week for all students grades K- 12, based on recommendations from the National Association for Sport and Physical Education (NASPE). Appropriate instruction periods include 150 minutes weekly physical education instruction in elementary schools, 225 minutes weekly “healthful living” instruction in middle schools, and 2 units of “healthful living” (1 semester of health, 3 semesters of PE) as a graduation requirement for high school.

Outcome: HB 1373 was introduced by Rep. Rick Glazier but saw no action due to the budget shortfall. The issue of physical education and physical activity in schools is listed in the study bill as a topic for consideration by the newly authorized Legislative Task Force on Childhood Obesity.

- **Promote the ability of local communities to support routine physical activity and healthy eating through built environment supports,** including multi-modal transportation infrastructure (eg. mass transit, sidewalks, bike lanes), recreation opportunities (eg. parks, trails greenways), and food venues (eg. grocery stores, farmers' markets, community gardens).

Outcome: HB 148, the Intermodal Transportation Funding Bill, passed both the House and Senate and is awaiting the Governor’s signature.

- **Implement and fully fund Child Nutrition Standards for grades K – 5.**

Outcome: The child nutrition appropriations bills (HB 387/SB273) as well as HB 1371 and HB 1372 saw no action this legislative session, primarily due to the budget deficit. Higher nutrition standards in schools is listed in the study bill as a topic for consideration by the newly authorized Legislative Task Force on Childhood Obesity.

- **Promote Funding for Obesity Prevention Research and Programs:** Strategically protect existing and secure new public funding and state appropriations that support effective (and evidence-based) obesity prevention programs and other public health initiatives and evaluation targeted at reducing the impact of obesity and the disparities that exist related to obesity prevention.

Outcome: Funding for the Community Obesity Prevention Demonstration Projects (COPDP), included as part of SB 240 and HB 774, was not funded this year due to the budget deficit.

Bills resulting from the 2008-09 Childhood Obesity Task Force that saw movement:

HB 1471 (Yongue) Counties and Schools Share PE Equipment

Passed the House; Passed the Senate on July 9. Signed by the Governor July 24, 2009.

HB 900 (Insko) Nutrition Standards/All Foods Sold at School

Passed the House; Assigned Senate Education/Higher Education.

HB 901 (Insko) Honors Courses in Healthful Living Classes

Passed the House; Assigned Senate Education/Higher Education.

Other bills of interest seeing movement:

SB 1067 (Albertson) Sustainable Local Food Policy Council

Passed House and Senate and awaits Governor's signature.

SB 1067 establishes the NC sustainable food policy council, a 27-member body charged with studying how to increase local foods served in public schools, how to make local foods available to people receiving public assistance, whether food stamps can be used at farmers markets, how to encourage community and backyard gardening and other issues related to local foods. The board must report on its progress for the Legislature by October every year.

A Final Note . . . A Note of Thanks

Many thanks to the many advocates and partners who contacted legislators in support of Alliance legislative priorities time and again this long and busy session.

Your efforts were and are critical to the work of the Alliance!

The Alliance will begin holding meetings in the fall to determine legislative priorities for the 2010 legislative session. Please help us set our policy priorities. Watch for additional Alliance meeting announcements.

The General Assembly returns on May 12, 2010! Enjoy the break!

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