

EXHIBIT 2
DATE 3/24/11
HB 626

**American Stroke
Association**
A Division of American
Heart Association

**American Heart
Association** 
Fighting Heart Disease and Stroke

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Testimony in Support of HB626

Good Morning:

My name is Cliff Christian and I have represented the AHA/ASA for the past ten years.

I'm also a long time small businessman who, along with my bride of 45 yrs, own a small motel, some rentals and a consulting business. Over those 45 yrs. we have also owned retail, store front, businesses. So you are looking at a guy who has signed the front of paychecks, paid a ton of taxes and sweated over the desks of bankers for desperately needed bridge loans.

You are also looking at a 30 yr recovering alcoholic and a 20 yr recovering tobacco addict. With the grace God, I will remain recovering, one day at a time. When folks talk to me about my addictions they almost always assume that recovering from alcohol was much tougher than tobacco – but for me and thousands of other addicts, they are wrong. Tobacco was much more difficult to quit.

Unlike most people, I know how I'm going to die. Barring some kind of disaster or automobile accident, I'm going to suffocate to death because I smoked cigarettes. You see, I have emphysema, chronic bronchitis and asthma from using tobacco. Daily, I use expensive drugs like Advair, Albutrtol and predasone in order to function. Two to four times a day I have to use a Nebulizer that, with steam, shoots medicine directly into my lungs to help shake lose the phlegm so I can utilize the 50% of my lungs that are not already dead from the use of tobacco. At night now, I have to use an oxygen machine because my lungs are too weak to work alone. Soon I'll be using the portable oxygen machine everywhere I go.

I used to feel that smoking was a personal choice and that it did not harm anyone else by using tobacco. That's simply a naïve assumption based on a whole lot of rhetoric coming from the tobacco companies. You see my smoking does have consequences to others ---one of my four children has chronic asthma as a result of my second hand smoke. And according to my pulmonologist my lungs were under attack as a child of two heavy smokers. And I can only imagine how much we smokers add to the cost of health insurance premiums that everyone pays because of this horrible addiction.

My personal choice to smoke was taken from me by peer pressure; by Mickey Mantle telling me he smoked Camels, by an honest to God physician, in his white coat, on TV telling me to smoke Kools to help my sore throat, by the Marlboro Man who was a man's man because he smoked

Marlboro Cigarettes. My choice to use tobacco was taken from me the day I bought my first nicotine laden package of cigarettes..... because I was hooked, I was an addict.

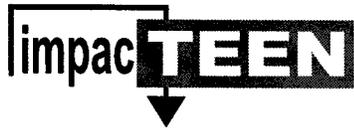
Today there is a modest ban on tobacco advertising. I underline the word modest because right here in Montana, the tobacco companies report spending approximately \$30 million each year to lure our children into replacing their former customers who have died from Cancer or heart disease. In Asia, an American tobacco company is paying children \$5 per day to hand out free cigarettes to other children. Make no mistake; tobacco is a gateway drug to experimenting with other lethal and illegal drugs and personal choice is an absolute myth.

Today I'm sure you'll be hearing from some of the opponents to HB626. Let me address some of their concerns in the interest of time, plus the fact we have heard the arguments before and as proponents, we have the answers (this isn't our first rodeo either).

Some opponents arguments

- 1) Tobacco use is a personal choice and doesn't hurt anyone else – you've heard my story that choice ends when the match meets the end of the cigarette. Question some of the doctors here today about their research into smoking and heart disease. Their study has now been replicated worldwide and proves without question that second hand smoke kills. The children and the nonsmokers subjected to second hand smoke should have a choice too but many times they do not.
- 2) Smuggling and Internet purchases of tobacco will result in no health savings. Not true. Tobacco is a product of necessity and convenience. Smokers need their fix now and the large majority do not – in fact cannot wait for their fix while hiding in the alley waiting for the smuggler or the UPS person....they simply head to the nearest grocery or convenience store to get their fix. And, as an aside –do you know who one of the biggest smugglers was (until they got caught)? RJ Reynolds. That's right the RJR President of a wholly owned tobacco wholesale company was convicted in New York for smuggling tobacco across the Canadian border.
- 3) Taverns & restaurants are going broke because we "health zealots" banned smoking in public places, is yet another myth. There is a 100% clean air requirement in 100% of Montana (outside of the reservations) so the playing field is level. Tough times in Montana? You bet. Our business is struggling like never before to pay our bills. There are empty storefronts all over Montana. Are we to believe all of these bankruptcies and going out of business sales are the result of tobacco taxes and the clean air act?
- 4) Finally, I give you the convenience store argument that a tobacco tax increase will put the store out of business....that folks will stop coming to the store because they can't afford their tobacco. And stores will close and people will lose their jobs. In previous sessions, when the tax was increased, we have been promised actual facts and figures to back up this assertion of economic doom....but for some reason, the data never materializes....and the convenience stores continue to remain open and more are built as a city or town expands. Data? Well we have the gold standard of data on this subject.

[see Executive Summary on Convenience Stores]



*A Policy Research Partnership for
Healthier Youth Behavior*

**The Economic Impact of State Cigarette
Taxes and Smoke-free Air Policies on
Convenience Stores**

Jidong Huang, PhD
Frank Chaloupka, PhD

March 2011

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Convenience Stores**

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Executive Summary

The effectiveness of higher tobacco taxes and comprehensive smoke-free air policies in reducing tobacco use and non-smokers' exposure to tobacco smoke has been well documented. Raising tobacco taxes and enacting comprehensive smoke-free air policies prevent youth from taking up tobacco use, promote quitting among current users, keep former users from restarting, and reduce consumption among those who continue to use tobacco products. Indeed, tobacco tax and smoke-free air policies are two of the most effective policy tools state and local policy-makers can implement in order to reduce the economic and health costs imposed on state and local governments by cigarette smoking and other tobacco product use. Not surprisingly, tobacco companies and related organizations have argued against such policies, often making false or overstated claims about the adverse economic impact of higher tobacco taxes and stronger smoke-free air policies.

In the past few years, as many state and local policy-makers have considered increasing tobacco taxes to curb youth and adult tobacco use while at the same time generating additional tax revenues to fill budget gaps, tobacco companies and related organizations began arguing against tobacco taxes by claiming that higher cigarette taxes hurt the business of convenience stores. The central thesis of this argument was higher cigarette tax reduces the sales of cigarettes in convenience stores, and therefore negatively affect convenience stores' business.

This study is the first to investigate the economic impact of state cigarette taxes and smoke-free air policies on convenience stores. Specifically, we examine the impact of state cigarette taxes and state smoke-free air policies on the number of convenience stores per capita using multivariate econometric models. The number of convenience store per capita is determined by the entry of new stores and exit of existing stores, both of which are ultimately determined by the profits of convenience stores. Our analysis was based on Dun & Bradstreet Marketplace Gold data, which provide the business count estimates for convenience stores for the time period from

1997 to 2009. In addition, data on state cigarette taxes and smoke-free air policies, and other tobacco control measures, as well as state level economic indicators were compiled from various sources, including the Bridging the Gap/ImpacTeen project's State Tobacco Control Policy Surveillance system, Federal Reserve Bank of St Louis's FRED database, and U.S. Energy Information Administration's State Energy Data System (SEDS).

Our analysis shares the characteristics of other studies on the similar topics that have been determined to be methodologically sound and rigorous. We estimated a number of alternative models to determine the robustness of our results. Specifically, we tested whether our results are sensitive to inclusion/exclusion of gas stations in convenience stores, whether they are sensitive to inclusion of other tobacco control measures, gasoline price, and state level economic indicators in the models.

Using multivariate regression techniques, our analysis shows that higher cigarette taxes and stronger smoke-free air policies have had no negative impact on number of convenience stores, a proxy of the entry of new stores and exit of existing stores, which is determined by convenience store profits. In fact, our analysis indicates that higher cigarette taxes are positively associated with the number of convenience stores, with an increase in cigarette excise tax of \$1 estimated to increase the number of convenience stores per 1 million people by 11 stores. Our results are consistent with findings from a large and growing set of peer reviewed studies that show over-shifting of cigarette excise tax to consumer prices, which could increase retail profits.

Our findings clearly counter tobacco industry and related organizations' claims that higher cigarette taxes and stronger comprehensive smoke-free policies have a negative economic impact on convenience stores. The results of our analysis indicate that higher cigarette taxes and stronger smoke-free air policies have had no negative economic impact on convenience stores. Our study provides new evidence to state and local policy makers on the economic benefits of raising cigarette taxes and enacting smoke-free air policies.