

March 24, 2011

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TO: The Honorable Phil Barnhart Co-Chair
The Honorable Vicki Berger, Co-Chair
Revenue Committee

FROM: Mel Kohn, M.D., M.P.H.
Public Health Division
Oregon Health Authority

SUBJECT: HB 2110, HB 2231, HB 2533, HB 2385: Tobacco Taxes

Co-chairs Barnhart and Berger, members of the Committee, I'm Dr. Mel Kohn, Public Health Director and State Health Officer in the Public Health Division, Oregon Health Authority. I am here today to provide information about increasing the price of tobacco through an excise tax.

Tobacco use is the leading preventable cause of death in Oregon, killing nearly 7,000 people each year. Tobacco use and exposure is expensive and leads to more than \$1 billion in medical spending for treatment of tobacco-related diseases every year. Consequences of tobacco use include heart disease, asthma, emphysema, cancers and low-birth weight babies. Oregon spends much more treating these diseases than it gets back from tobacco excise taxes.

Oregon saves money when fewer people use tobacco. Reductions in adult smoking since the beginning of the Tobacco Prevention and Education Program, translates to 182,000 fewer adult smokers in Oregon today. The tobacco-related cancer death rate also has dropped nearly 12 percent since the start of the program. Fewer smokers means Oregon has reduced future tobacco-related health care costs by more than \$3.8 billion - a return of more than \$45 for every dollar invested in tobacco control.

The Centers for Disease Control and Prevention (CDC) recommend raising the price of tobacco through excise taxes as a prevention measure to reduce tobacco use. This especially affects young people because they are more price sensitive. According to the CDC, when a portion of tobacco tax revenue is dedicated to evidence-based tobacco prevention and education, tobacco use and exposure is

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reduced even further. Oregon's cigarette tax is well below the national average of \$1.45, and Oregon is the only state that reduced its cigarette tax in the last decade.

In summary, when passed, legislation increasing the price of tobacco through an excise tax will result in a reduction in tobacco use and future tobacco-related health care costs.

Thank you for the opportunity to testify today. I am happy to answer the Committee's questions

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