



MEASURE: HB 2110  
EXHIBIT: B  
HOUSE REVENUE COMMITTEE  
DATE: 3/29/2011 PAGES: 3  
SUBMITTED BY: BRETT HAMILTON

To: House Revenue Committee

From: TOFCO Coalition Partners

Date: March 24, 2011

Re: HB 2110, HB 2231, and HB 2533 - Testimony in support of increasing tobacco taxes



The Tobacco Free Coalition of Oregon and its member organizations thank you for the opportunity to submit these comments in support of increasing Oregon's tobacco tax.

Increasing tobacco taxes is a WIN, WIN, WIN: a health win that reduces smoking and saves lives; a financial win that raises revenue and reduces health care costs; and a political win that is popular with the public.



**Health:**

Rates of smoking have been falling in Oregon and across the nation over the past decades as tobacco taxes have increased.



Despite overall reductions in the smoking rate, tobacco use remains the leading cause of preventable death in Oregon, claiming the lives of more than 7,000 Oregonians each year—more lives than car accidents, suicide, AIDS, and murder combined. In addition to this unnecessary loss of life, tobacco use costs the state more than \$2 billion dollars each year in health costs and lost productivity.

An increase in the tobacco tax will help combat both of these issues: the higher cost will deter people from starting to smoke, and the revenue generated will help fund critical health services and tobacco cessation programs.



An increase in the tobacco tax is especially important in deterring youth from starting to use tobacco products. As tobacco companies are working to diversify their dangerous product lines to offer more "smokeless" products, often deliberately targeted at teens and young adults, and disguising life-threatening products with candy flavors, an increase in the tobacco tax—that applies to all tobacco products—is even more important. If an individual never begins smoking, they are much less likely to become addicted, and young people have been proven to be particularly price sensitive. More than 80% of adult smokers begin smoking before 18 years of age.<sup>1</sup>

**Revenue**

In addition to preventing people from smoking, increased tobacco taxes will generate revenue to help fund critical health services and tobacco cessation programs. These services and programs support Oregonians who have tobacco-related conditions, and who are working to kick the habit, and are some of the strategies available in working to combat the harms of tobacco.

At a time when the state budget is in crisis, increasing the tobacco tax is a common sense step to take to generate funding for some of these critical programs. Every state that has ever increased its cigarette tax rate has received more revenue than it would have obtained absent the rate increase.

Tobacco prevention and education is a good investment. Every \$1 spent on tobacco control prevents at least \$45 in future health care costs. People who smoke are at a greater risk for diseases like cancer, heart disease, and emphysema. We know how expensive medical care can be—a single visit to the hospital can cost thousands of dollars. Because smokers are more likely to get sick, they run up thousands more dollars in health care costs than non-smokers. We all pay



the costs of tobacco use. While tobacco is still the top cause of preventable death and disease, fewer people smoking cigarettes means lower health care bills in the future.

### **Public Support**

Historically, Oregonians and this legislature have shown their willingness to fight addiction with every tool they have. Tobacco taxes, along with expanding access to smoking-cessation programs, are working.

Last fall, TOFCO and its coalition partners conducted detailed public opinion research to assess Oregonians' support for raising the tobacco tax. Perhaps not surprisingly, 71 percent of surveyed Oregonians—including those who generally oppose taxes—support a \$1 increase in the tobacco tax, with the revenue generated being dedicated specifically to critical health service and tobacco cessation and prevention.

TOFCO and its coalition partners urge the legislature to act in the best interest of our children and all Oregonians by supporting an increase in the tobacco tax.

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<sup>i</sup> Centers for Disease Control and Prevention. Tobacco Use Among Middle and High School Students—United States, 2000–2009. Morbidity and Mortality Weekly Report 2010;59(33):1063–8 [accessed 2011 Mar 11].



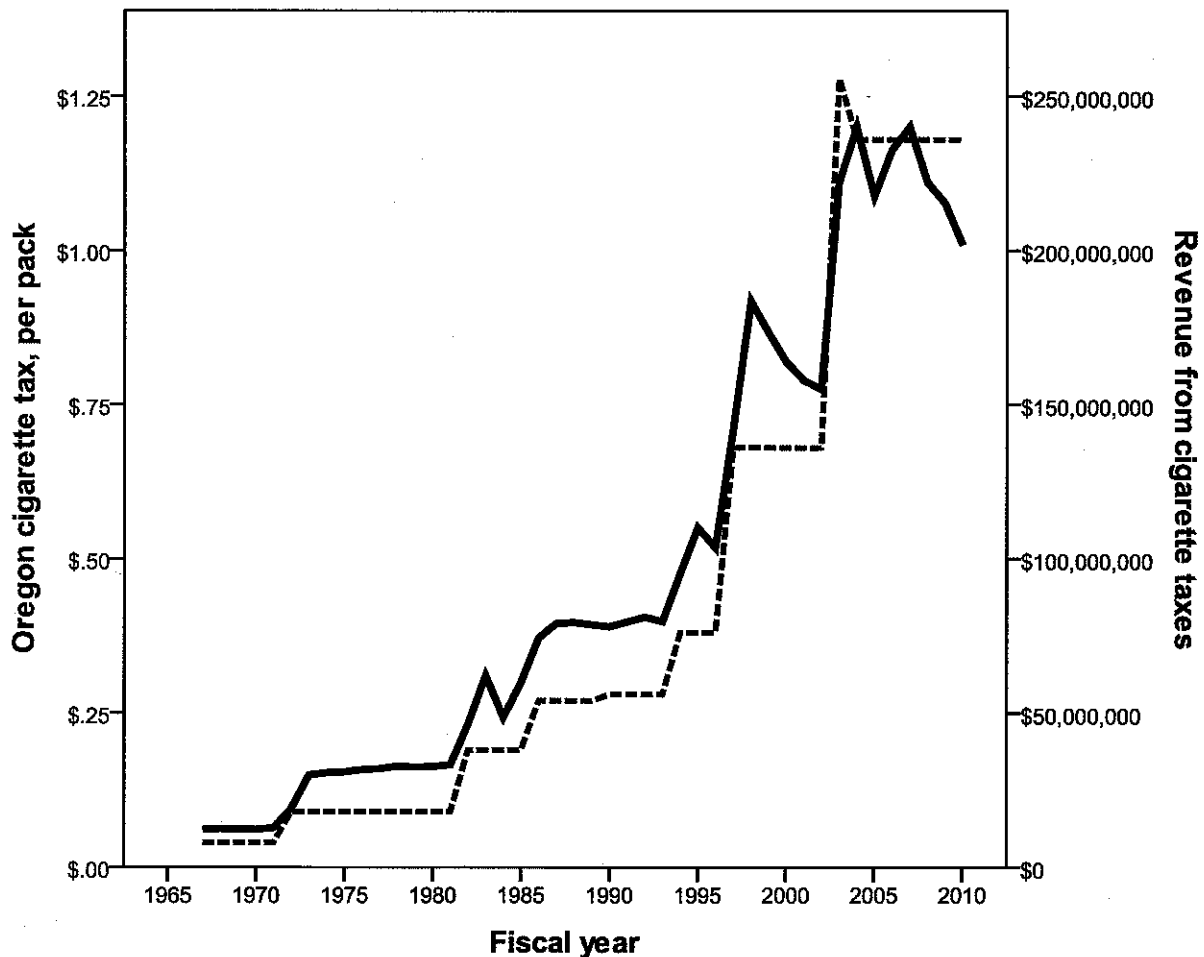
### CIGARETTE TAX INCREASES PROVIDE A RELIABLE SOURCE OF FUTURE STATE REVENUE

Every state, including Oregon, which has ever increased its cigarette tax rate, has received more revenue than it would have obtained absent the rate increase.

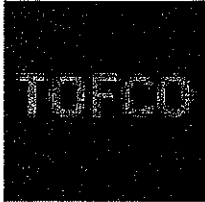
While it is true the higher revenue levels obtained by cigarette tax increases will decline over time as smoking rates continue to go down, the revenue changes will be gradual and predictable.

In fact, state cigarette and overall tobacco tax revenues are much more predictable and stable than state income tax or corporate tax revenues, which can decline sharply during recessionary periods.

**Oregon cigarette tax rate and revenue, FY 1967-2010**



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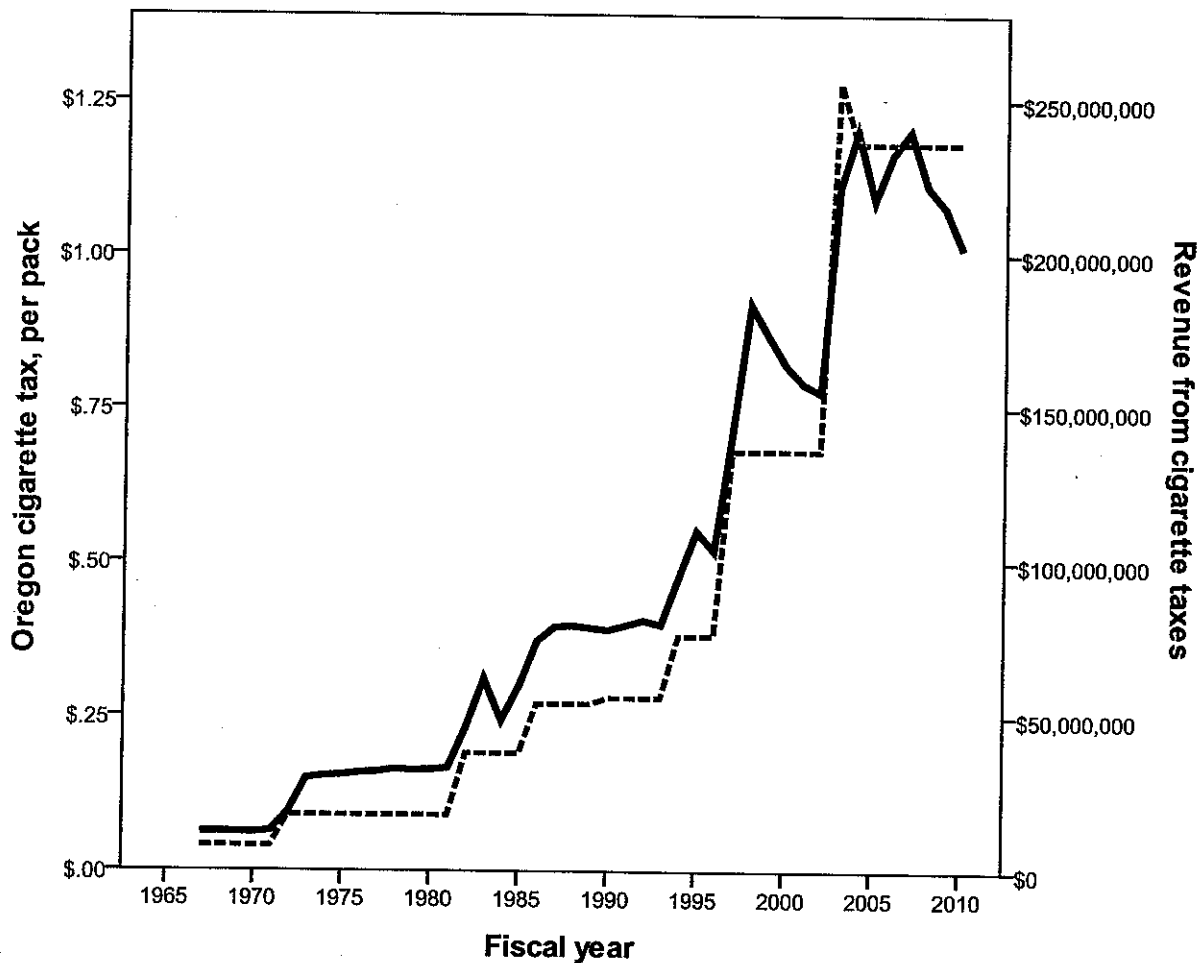
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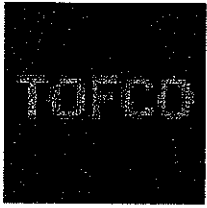
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