

**Testimony of John A. Charles, Jr.
President & CEO
Cascade Policy Institute**

**Before the Senate Committee on Finance and Revenue
Regarding SB 14
March 11, 2015**

SB 14 seeks authorization for additional local taxes on cigarettes and tobacco products.

While I am generally more favorably disposed to local regulation in lieu of regulation from some distant overseer such as Congress, that bias presumes that there is some local condition requiring intervention. However, there is nothing special about tobacco use in any local context. A city or county tobacco tax is not like a system development charge that attempts to recover costs from users commensurate with the burdens they impose on local systems. A tobacco consumer in Washington County or Umatilla County does not impose any unique social costs on their neighbors.

If local governments want to receive more money from tobacco users, they already have access to the lucrative MSA settlement funds. Oregon has received over \$1 billion in MSA money since 1998, but virtually none of it has gone to tobacco cessation or programs designed to offset the social costs of smoking. Since those were the primary purposes of creating the fund, I'd suggest local governments direct their lobbying efforts at state legislators who continue to use revenue from the MSA as an all-purpose slush fund.

Between state and federal tobacco taxes, plus the price hikes needed by the major tobacco companies to make the MSA payments, ***tobacco users have paid more than their fair share*** for any so-called "negative social externalities" associated with smoking.

Please leave them alone by tabling SB 14.