



**Bill Hall
County Commissioner**

Courthouse, Room 110
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MEASURE: HB 2110
EXHIBIT: C
HOUSE REVENUE COMMITTEE
DATE: 3/29/2011 PAGES: 1
SUBMITTED BY: BILL HALL

HB 2110, HB 2231 and HB2533

Comments by Commissioner Bill Hall, Lincoln County before the House Revenue Committee

The Association of Oregon Counties support HB 2110, HB 2231 and HB 2533 but suggests keeping the revenue allocation formula in its current form.

Tobacco Prevention

- Oregon pays an estimated \$287 million per year in Medicaid costs related to smoking (roughly 10% of total Medicaid expenditures).
- When both medical and loss in productivity costs (close to \$2.4 billion per year) are taken into account, the true cost per pack of cigarettes in Oregon is closer to \$13.2
- Oregon Tobacco Prevention and Education Program (TPEP) is a best practice with the state and local public health systems working in coordination on a comprehensive program.
- There has been a 48% reduction in per capita cigarette consumption since Oregonians voted to raise the tobacco tax and fund the Tobacco Prevention and Education Program

Shared Revenue Background

- The Oregon cigarette tax began in 1966, with a share for cities and counties [ORS 323.005 to 323.482]. It taxed \$0.04 on every standard pack of cigarettes. This provided 1 cent per pack each to counties and cities to offset the costs of State mandates, compensate for preemption of local taxing authority, and partially offset city fire suppression and county public health costs. **The result was a 50- 50 sharing between the State and local governments.**
- As part of this joint proposal, local governments agreed to be preempted from levying local cigarette taxes and agreed to rely on the State for stewardship of the revenue source on behalf of both the State and local governments [ORS 323.030].

The permanent tax for a standard 20-pack of cigarettes is \$1.18.

- The State General Fund receives 22 cents
- The Oregon Health Plan receives 85.7 cents
- Cities receive 2.3 cents
- **Counties receive 2.3 cents** (The county share of the cigarette tax is distributed to each county based on population.)
- The Department of Transportation receives 2.3 cents
- **The Tobacco Use Reduction Account receives 3.4 cents**

Current Uses

- Counties see two streams of revenue in the current allocation formula. The "county" portion of the tax is used to support county general fund services including sheriff's patrol, jails, health services, and general government services.
- The counties also receive a portion of the Tobacco Use Reduction Account through the Public Health departments. These funds are designated to be used for the Tobacco Prevention and Education Program.



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