



# Jeff Cogen, Multnomah County Chair

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Chair Burdick and Members of the Committee, I am Jeff Cogen, Chair of the Multnomah County Board of Commissioners. I appreciate the opportunity to testify today in support of SB 692.

As you know, counties have pursued legislation to lift the local preemption on tobacco taxes for the past couple of sessions. A similar version of this bill passed the House in 2009, but we ran out of time to move it through the Senate. We are asking for you to consider this concept again for three simple reasons.

First, this is a way to throw local governments a life raft during this budget crisis. Multnomah County, like most counties in Oregon, has very few options for raising local revenue to support essential services. Right now, our budget office is working through potential scenarios based on the budget information we have and we anticipate our county alone may face more than \$30 million in cuts in human services, public safety and other services. Allowing us to raise a local tobacco tax could make a huge difference.

Second, we believe a local tax can work in Oregon. According to the National Center for Tobacco Free Kids, more than 450 local jurisdictions have their own cigarette tax rates or fees. We often hear about New York City, but did you also know that Alabama has 240 cities and 46 counties with their own cigarette taxes? In Oregon and in many states, cigarettes are taxed at the distributor level. Oregon, in fact, pays the distributor to administer the tax. We believe adding a local tax stamp on cigarettes would not be overly burdensome and any administrative costs (which are inherent in any revenue raising effort) could be passed along to the county.

Third, we don't believe local tobacco taxes will put retailers at a competitive disadvantage. We often hear that raising the tax in Multnomah County will just drive consumers across county lines, but I don't believe a modest tax increase will have that effect. Recently, we conducted a price comparison on the same brand of cigarettes in various retail outlets within about a 5-mile radius in Southeast Portland. Attached is a chart for your review. As you can see, each store charges a different price for the exact same product. What this demonstrates to me is that consumers don't need to cross county lines to save money. They can cross the street, but most don't because they buy this product out of convenience.

I would also like to mention that we conducted this same price comparison one year ago on the exact same product and we shared this information with this committee. What is interesting to note is that, while Oregon hasn't raised the tax on cigarettes in 15 years, the price of the product in many stores has continued to increase. In just one year, one outlet raised the price on Camel Lights by 61 cents. When this bill was heard in the House a few weeks ago, industry representatives expressed concern that our proposal hits too hard on low-income people. The problem is the status quo does nothing to protect and support low-income people. In fact, it is just the opposite. I urge you to support SB 692.

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