



Testimony to Senate Revenue Committee

Re: SB 692

By: Mary Lou Hennrich

Executive Director, Oregon Public Health Institute

April 15, 2011

My name is Mary Lou Hennrich and I am the Executive Director of Oregon Public Health Institute (OPHI) an independent, non-profit, non-governmental organization with a mission to improve the health of Oregonians through effective public health policy and programs. OPHI is also member of TOFCO, the Tobacco Free Coalition of Oregon.

Knowing that health begins long before illness, in our homes, schools, jobs and communities, we focus on these places where we all live our lives every day—working to make them places that support individuals' health—making it easier for them to make the healthy choice the easy choice.

One of the most successful public health policies over the past several decades is society's collective decision to tax tobacco, the leading cause of premature death from heart disease and cancer here in Oregon and across the nation. Research and years of study have proven that increased tobacco taxes are one of the most effective ways to reduce smoking among both youth and adults.

Although Oregon taxes cigarettes at \$1.18/pack, our tax rate on tobacco is about one-third of the tax imposed in the state of Washington, with a rate of approximately \$3.00/pack. In fact, Oregon holds the dubious distinction of being the only state in the union in the past decade to actually lower our tobacco tax (\$0.10/pack).

OPHI and other TOFCO members have been urging this session of the legislature to increase the state tobacco tax by \$1.00/pack, but such a vote has not yet occurred.

SB 692 would remove the current prohibition against local government imposing a local tax on cigarette and tobacco products. In our opinion, local governments, like Multnomah County should be given back the option to work with its residents to impose such a local tax that would serve as an added deterrent for youth and low income residents, especially to quit smoking or better yet, never become addicted to this killer substance.

Yesterday's Oregonian editorial (April 14, 2011) was right on in its facts and conclusion: "The Legislature should make it possible for the county to put a burning question to the people best positioned to answer it: County Voters."

Often we hear from the tobacco industry and their distributors that tobacco taxes are regressive, hitting low income, communities of color the hardest, since they smoke at substantially higher rates than higher income residents.

I was present at some testimony a couple of weeks ago in the House Healthcare Committee where a very eloquent young man of Pacific Islander descent correctly pointed out that

oregon
public
health
institute

315 SW Fifth Ave.
Suite 202
Portland, OR 97204
503-227-5502
503-416-3696 fax
www.orphi.org

tomorrow's health today

"What is regressive, is the death and disease rates for low income residents and communities of color."

After the testimony, I went back and reviewed Oregon death data and have prepared an attachment summarizing the most recent complete data available—calendar year 2007 and would like to draw your attention to a few points on this attached sheet now.

More than 50% of smokers have annual household incomes of less than \$35,000 annually (according to industry data presented by lobbyist Mark Nelson.)

22% of ALL Oregon deaths are identified as "tobacco related" on death certificates. This means that nearly 4,000 deaths in 2007 along, were tobacco related and to low income Oregonians. This is what is regressive!

Of course, we in public health would like a major increase in the state tobacco tax, but also strongly support a local jurisdictions ability to decide on a level of taxation that is locally determined to meet their public health and revenue goals. Please support SB 692.

The Regressive Toll of Tobacco Use

Approximately 30,000 Oregonians die each year. Over 22 percent of these deaths are identified as "tobacco linked" on the death certificate. These deaths are almost always due to one of three main causes: cancers, cardiovascular diseases, or respiratory diseases. (Table 1)

Table 1: Tobacco-linked Deaths, 2007*

Cause of Death	Total	Percent
Cancers	1,922	28%
Cardiovascular diseases	1,850	27%
Respiratory diseases	1,553	22%
Other	1,640	24%
Total tobacco related deaths	6,965	100%

* Sources: Oregon Death Certificate Statistical File
Volume 2 2007 Annual Report, 2007. Oregon Center for Health Statistics.
<http://www.dhs.state.or.us/dhs/ph/chs/data/arpt/07v2/chapter6/table620.pdf>

- According to testimony given to the Oregon House Revenue Committee on 3/24/11 by Mark Nelson, lobbyist for RJ Reynolds Tobacco Company, 57.4% of Oregon smokers have annual household incomes LESS THAN \$35,000;
- It follows, therefore, that 57.4% of the 6,965 total tobacco-linked deaths in calendar year 2007 were to low income Oregon smokers with annual incomes < \$35,000;
- This means that 3,998 low income Oregonians died from tobacco-linked causes in 2007;
- Mr. Nelson's data indicated that only 13.4% of Oregon Smokers have income \$75,000; therefore only 933 higher income individuals had tobacco-linked deaths in 2007;
- Therefore, there are MORE than FOUR TIMES as many low-income Oregonians dying each year of Tobacco-related causes as compared with higher income residents.

TALK ABOUT REGRESSIVE!

- In addition, many of these low income residents rely on tax supported programs, e.g. Medicaid, Medicare, Veterans Administration for their healthcare coverage or they are uninsured and therefore contribute to the "cost shift" that is driving up the annual cost of private healthcare coverage for employers and employees;
- Yes, low income Oregonians are bearing a much heavier burden of illness and death due to tobacco products and the average Oregon taxpayer is bearing the burden of the increased costs of government supported healthcare AND higher insurance premiums.

INCREASING THE TOBACCO TAX AND DEDICATING SOME OF THE ADDITIONAL REVENUE TO TOBACCO PREVENTION AND CESSATION SERVICES CAN BEGIN TO NARROW THE MORTALITY GAP BETWEEN LOW AND HIGHER INCOME OREGONIANS AND DECREASE SPIRALING COSTS OF HEALTHCARE FOR ALL OREGON TAXPAYERS.

IT'S THE DISEASE, DISABILITY AND COST OF TOBACCO-LINKED DISEASES THAT ARE REGRESSIVE!