



Intergovernmental
Relations

April 15, 2011

City of Eugene
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Senator Burdick, Chair
Senate Committee on Finance and Revenue

Re: Senate Bill 692 – County Cigarette and Tobacco Tax

Chair Burdick and Members of the Committee:

The City of Eugene **SUPPORTS SB 692** which would, among other things, remove the preemption against the imposition of taxes by Oregon counties on cigarettes and tobacco products.

We support giving counties the ability to impose a cigarette and tobacco tax. This would give counties an option for new revenue. Our county - Lane County - is facing a complete loss of federal timber revenue and will have a shortfall in FY12 of over \$7 million. This will most likely result in a reduction of many vital services, such as jail beds and human services programs.

We request, however, that the Committee consider removing the preemption on cities and allowing cities to have the ability to impose a cigarette and tobacco tax. As you know, local government revenue remains closely tied to the property tax. And because assessed property values are restricted to 3% annual growth for existing property and the average assessment ratio in the county for new construction, local revenue generally falls behind the growth in the cost of providing services. The City of Eugene, along with most other Oregon cities, are in desperate need of new revenue sources just like counties. We urge you to consider providing this revenue source to all local governments.

Thank you for allowing us to submit our testimony and we appreciate your consideration of our position.

Sincerely,

/s/ Brenda Wilson
Intergovernmental Relations Manager