

Testimony of John A. Charles, Jr.
President & CEO

Before the Senate Committee on Finance and Revenue
Regarding HB 2870-A
April 29, 2012

I am writing in opposition to HB 2870-A.

This bill suffers from an inherent contradiction in its twin policy objectives: raising money and reducing tobacco consumption. For one to succeed, the other must fail.

None of the proponents want to admit this. They prefer to claim that the primary goal is “public health.” However, the bill only requires that a minimum of 40% of the proceeds be spent on tobacco use prevention and cessation programs, which means that 60% of the funds will go for other uses. This clearly shows that public health is not the primary motivation behind the bill, revenue generation is.

If we admit that this is just a money bill, then there is no compelling argument in favor of taxing a product used by only a fifth of the population, in order to create a revenue stream that will likely benefit everyone. The only reason such bills get introduced is because it is politically easy to pick on a minority group engaged in a habit that is publicly scorned. But we should not tax minorities just because we can.

If local governments genuinely want to spend more money on tobacco cessation programs, they already have access to the MSA settlement funds. Oregon has received over \$1 billion in MSA money since 1998, but virtually none of it has gone to directly help smokers. Since that was one of the express 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 HB 2870.

