



Korean American Grocers Association of Oregon

5114 SE Meldrum, Milwaukie OR 97267

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Dear Members of the Senate Finance and Revenue Committee,

We are sorry we are unable to attend the hearing on April 29, 2013, but our Board Members have a previously scheduled meeting that could not be rescheduled. However, the Korean American Grocers Association and its hundred of members and thousands of employees are adamantly opposed to HB 2870 for the following reasons;

1) HB 2870 would create a complicated compliance burden on our members. Many of our members have several stores in several locations throughout the State. We already spend countless hours on State cigarette tax compliance and if we are forced to do it County by County, it will be even more burdensome, time consuming and confusing.

2) HB 2870 will cause an unfair advantage to retailers in lower taxed Counties. Not only will our members in high-taxed Counties lose cigarette sales, but we will also lose the sale of other items that customers purchase when buying cigarettes. We will lose gas sales, water sales, candy sales and so on. In this economy, many people travel from store to store for their groceries and to use their coupons they get in the Sunday papers. Smokers WILL do the same – only without the coupons.



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They WILL go out of their way to another County to buy their cigarettes at a lower price. It is ridiculous and untrue to state that they will not travel outside highly taxed Counties for a better deal. In some cases, like Multnomah and Clackamas Counties, retailers literally across the street from each other will have either a competitive advantage or a competitive disadvantage. Look at the data from Washington State when they raised their cigarette tax. The retailers on the boarder in Oregon have seen a huge increase in cigarette sales.

3) HB 2870 singles out a small segment of the population, smokers and retailers, to pay for the Counties current wish for more revenue. If Multnomah County or other Counties wish to increase their tax revenue, it should be done in a way that ensures that all County residents are taxed, not just the small share of smokers – and not at the expense of tax paying, job-providing retailers.

4) HB 2870 allows Counties to raise the cigarette taxes with very little public input. Many business owners, consumers and the general public will only learn of a potential tax increase the day before a vote is scheduled.



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Most residents in the County are not checking County websites on a daily basis and if they are, many websites and agendas are not even current. As we have seen before on other issues, once the item is scheduled for a vote, it is most likely a done deal and will sail through. Opposing tax increases on the local level will be extremely difficult for our members, as we are busy running our businesses and trying to make a profit. Running from one County hearing to another will be extremely difficult and very time consuming.

For these reasons, the Oregon Korean American Grocers Association urge you to vote NO on HB 2870. Thank you for your time.

David Lee
President
Kagro of Oregon