

Taxpayers Association of Oregon

P.O. Box 23573, Tigard, OR 97281 (503) 603-9009

Vote No on HB 2870

The answer to media headlines on gross abuse of Oregon's tobacco tax funds is NOT to spread the mistake over 36 counties!

Newspaper headlines have bemoaned the misuse of Oregon tobacco tax funds -- a problem shared among anti-tobacco organizations (*Oregonian* Steve Duin, March 12, 2013).

Other media articles showcase the **failure of tobacco taxes** that threatened their own revenue source and promote illegal tax avoidance. KING 5 TV News Reported "*New cigarette tax driving more smokers to black market...Data from the Washington Department of Revenue shows that tax stamp sales fell in the months after the May tax increase by an average of three million stamps per month. The state is generating more money because of the new tax, on average \$5 million more per month. But the number of tax stamps that cigarette wholesalers are buying, an indicator of legitimate cigarette sales, is down.*" (*KING 5 TV News, Oct 21, 2010*).

Also, CNN reported, "*[H]igher tax rates have created a prohibition-like environment that fosters black markets and encourages otherwise law-abiding citizens to skirt the law. What's more, according to one recent study, they don't raise nearly as much tax revenue as one might expect.*" (*CNN Money, Jeanne Sahadi, Senior Writer, July 14, 05*)

Furthermore, overtaxing an already "overtaxed" product is a second recipe for failure.