HB 2275

Comments by AOC Staff Mark Nystrom before the House Revenue Committee

<u>The Association of Oregon Counties supports HB 2275 and keeping the revenue allocation formula in its current form.</u>

Shared Revenue Background

- The Oregon cigarette tax began in 1966, with a share for cities and counties [ORS 323.005 to 323.482]. It taxed $0.04 on every standard pack of cigarettes. This provided 1 cent per pack each to counties and cities to offset the costs of State mandates, compensate for preemption of local taxing authority, and partially offset city fire suppression and county public health costs. **The result was a 50- 50 sharing between the State and local governments.**

The permanent tax for a standard 20-pack of cigarettes is $1.18.

- The State General Fund receives 22 cents
- The Oregon Health Plan receives 85.7 cents
- Cities receive 2.3 cents
- **Counties receive 2.3 cents** (Less than 2%, the county share of the cigarette tax is distributed to each county based on population.)
- The Department of Transportation receives 2.3 cents
- **The Tobacco Use Reduction Account receives 3.4 cents**

Current Uses

- Counties see two streams of revenue in the current allocation formula. The "county" portion of the tax is used to support county general fund services including sheriff's patrol, jails, health services, and general government services.
- The counties also receive a portion of the Tobacco Use Reduction Account through the Public Health departments. These funds are designated to be used for the Tobacco Prevention and Education Program.

The Association of Oregon Counties supports HB 2275 and keeping the allocation formula in its current state. If you have any questions for the counties, please do not hesitate to contact AOC Human Services Policy Manager, Mark Nystrom.