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## **Testimony Against HB 4129 in the House Revenue Committee**

By Steve Buckstein

Chair Barnhart and members of the committee, my name is Steve Buckstein. I'm the Senior Policy Analyst and founder of Cascade Policy Institute, a Portland-based free-market think tank.

I'm here to ask you to reject [HB 4129](#).

### **Why the state should not increase so-called sin taxes**

- Funding any state program through additional tobacco taxes would add one more advocacy group to those who openly or secretly applaud more smoking in Oregon.
- Oregon's addiction to tobacco revenues will only grow if we become dependent on those revenues to fund any new programs.
- Taxes on alcohol and tobacco are frequently justified as a means of discouraging "unhealthy" behavior. But this objective quickly gives way to a different one: raising revenue. This creates a "moral hazard" problem: sin taxes cannot simultaneously both discourage consumption and raise more revenue. For one to succeed, the other must fail.
- As cigarette smoking continues to decline, tobacco taxes will fail to fund current, let alone new, programs, punching more holes in future state budgets.

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## **The regressivity of sin taxes**

Providing health care services to specific groups of people, in this case smokers, may make some smokers better off; but it will also make other smokers and their families worse off. As you may know:

- Cigarette smoking adults are more likely to be uninsured than non-smoking adults.
- Cigarette smokers are in poorer physical condition than non-smokers.
- Cigarette smokers generally have lower incomes and less formal education than non-smokers.
- Cigarette smokers are more likely to be unemployed or unemployable than non-smokers.

In summary, increasing tobacco taxes is regressive, targeting less educated, lower-income, and sicker Oregonians.

### ***Policy option:***

If funding new or increased health care services for smokers is worth doing, it should be done through the General Fund so everyone participates. This avoids the moral hazard problem and is not nearly as regressive as the tax increases proposed in HB 4129.

Thank you.