

TO: Chair Barnhart & Committee Members
Revenue Committee on Health Care

DATE: February 25, 2015

RE: HB 2555

Chair Barnhart and committee members:

On behalf of the American Heart Association and the American Lung Association, thank you for the opportunity to address this important issue.

Tobacco-use remains Oregon's leading cause of preventable death, killing 7,000 Oregonians each year, while draining our pocketbooks and state budget. Consider this: 213,400 of today's Oregon kids will become smokers, and 68,000 of those Oregon youth who are alive today will die prematurely from smoking. Additionally, glaring health disparities persist: low-income Oregonians are disproportionately harmed by tobacco use.

It's been 50 years since the US Surgeon General issued its first report warning of the dangers of tobacco. Today, we know what policies work to save lives: Tobacco tax increases being one of the most effective mechanisms. Tax increases on tobacco offer a win-win-win solution for states, especially as they face a severe fiscal crisis and work to balance budgets while preserving essential public services.

To achieve these profound health and needed budgetary benefits, the American Heart Association and the American Lung Association advocate for:

- Significant increases in tobacco excise taxes at the state, county, or municipal levels that cover all tobacco products.
- Allocation of at least some of these revenues generated toward tobacco control, prevention, and cessation programs, as well as other health-related initiatives.

A Failing Grade for Oregon's Tobacco Tax

In January of this year, the American Lung Association released its annual *State of Tobacco Control 2015* report. While Oregon has made good progress with strong indoor clean air laws, we get failing grades for our low cigarette tax, which is in the bottom 50% nationally, and prevention funding, which is 75% below recommended CDC level. An increase in a tobacco tax would help Oregon make improvements on both of these fronts. Nationally, Oregon's tobacco tax ranks 28th in the nation, behind states like Washington (\$3.25), Montana (\$1.70), and Arizona (\$2.00).

Health Win

The evidence supporting the health benefits are well-documented: Higher tobacco taxes induce quitting, prevent relapse, reduce consumption and prevent starting. The general consensus is that for every 10% increase in the real price of cigarettes, the increased cost reduces overall cigarette consumption by approximately 3-5%, lowers the number of young-adult smokers by 3.5%, and cuts the number of kids who smoke by 6-7% (7).

In summary:

- Substantial increases in tobacco excise taxes lead to large reductions in tobacco use and, in the long run, reduce the public health toll caused by tobacco use.
- Additional reductions in overall smoking and in the prevalence of youth smoking result when tax increases are coupled with comprehensive tobacco control efforts.
- Small increases are ineffective as they can be absorbed by price discounts, such as coupons, from the industry and are not noticed by the smoker.

Budget Win

Every state that has significantly increased its cigarette tax has enjoyed substantial increases in revenue, even while reducing smoking. Higher tobacco taxes also save money by reducing tobacco-related health care costs, including Medicaid expenses. States can realize even greater health benefits and cost savings by allocating some of the revenue to programs that prevent children from smoking and help smokers quit.

National and state polls consistently have found overwhelming public support for tobacco tax increases. Polls also show that, when it comes to balancing budgets, voters prefer raising tobacco taxes to other tax increases or cutting crucial programs such as education and public safety.

Investment in Prevention & Cessation

In Oregon, cigarette tax revenue is first put into a suspense account and used for administration and enforcement of cigarette taxes. Then it is distributed primarily to the state general fund and Oregon Health Plan Fund although small amounts go cities and counties in the state, and other specified purposes. A small portion is used to fund the state tobacco prevention and cessation program.

We support dedicating a portion of new revenue generated toward Oregon's evidence-based tobacco control, prevention and cessation programs, as well as other health-related initiatives. Oregon's Tobacco Prevention & Education Program (TPEP) has proven to be enormously effective at the work it has been funded to accomplish, having cut cigarette consumption in half since the program started in 1996. Currently TPEP is funded at just 28% of recommended CDC levels; increased tobacco tax combined with increased investment in TPEP would yield major public health and budgetary wins for Oregon.

Thank you,

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