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TO: Senate Committee on Finance and Revenue

RE: SB14, relating to local government tobacco taxes

Chairman Hass and members of the committee:

Lane County is in support of Senate Bill 14, which would amend the current statute preempting counties and cities in Oregon from levying a local tax on the sale of cigarettes to instead allow for such local taxation. The 2015 legislative assembly will mark the third consecutive regular session that Lane County has advocated for this ability. This is a tool that should be available to local government in Oregon, given the overall lack of revenue raising tools that are available to local governments.

Here is a recap of some of the arguments we have made in the past to support similar measures:

- There is a direct connection between the costs of the primary health care and public health services we provide and the number of smokers in Lane County. While the general population in Oregon smokes at a rate of 18%, those that utilize our community health clinics smoke at a rate of 43%. Putting Lane County in control of at least part of the pricing of cigarettes would allow us to cover our expenses and provide an additional financial reason for our residents to quit smoking.
- In 35 of 36 counties, this bill would only lead to a local tax if approved by local voters. The 26 General Law counties may not impose any kind of tax without a vote of the people. Of the nine home rule counties, only Lane County's charter specifically provides for the ability of the Board of Commissioners to impose a tax without an election.
- This measure will produce little to no additional administrative burden on tobacco retailers. This tax is easily added to the existing state process, which assesses the tax at the wholesale level. Lane County could easily partner with the Oregon Department of Revenue for this service.

Previous sessions saw amendments to the lifting of the local tax pre-emption on cigarettes including a cap on how much a local government could tax, limiting the taxation authority to counties only, and earmarking a minimum amount of the revenue so-raised to be used towards tobacco cessation, and mental health and addictions services. We could support any or all of those amendments if the Committee would seek additional sidebars on this bill.

SUBMITTED ELECTRONICALLY