

TO: Chair Barnhart & Committee Members
Senate Committee on Finance & Revenue

DATE: April 6, 2015

RE: HB 2074

Chair Barnhart and committee members:

The American Heart Association and the American Stroke Association supports taxing e-cigarettes at a rate high enough to discourage youth use, while retaining or increasing differentials with combustible products by increasing taxes on combustibles.

The diversity of products makes it difficult to develop a uniform tax policy for various devices and refills, and it also creates opportunities for avoidance. An ad valorem tax, one levied as a percentage of price, preferably at the retail level, could include all components of e-cigarettes and related devices. At the same time, increasing taxes on combustible tobacco products would prevent youth uptake, encourage some adult users to quit or cut back, and likely increase interest in switching from combustible products to e-cigarettes.

(Note: AHA considers e-cigarettes to be a “tobacco product.” E-cigarettes contain nicotine, a dangerous and highly addictive drug found in all tobacco products that acts in the brain and throughout the body.)

The long-term health effects of e-cigarettes are not known. Because e-cigarettes do not contain combustion products, some investigators believe that they might be less harmful than combustible tobacco, but there are no rigorous or long-term studies demonstrating their long-term effects relative to conventional cigarettes. Recent studies raise concerns that e-cigarettes may be a gateway to traditional tobacco products for youth, and could renormalize smoking in our society.

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.

Tobacco Taxes: Health Win

The evidence supporting the health benefits are well-documented: Higher tobacco taxes induce quitting, prevent relapse, reduce consumption and prevent starting. Substantial increases in tobacco 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.

Tobacco Taxes: Budget Win

Significant increases in cigarette taxes have resulted in substantial increases in revenue, even while reducing smoking. Higher tobacco taxes also save money by reducing tobacco-related health care costs, including Medicaid expenses. Communities 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

We support dedicating a portion of new revenue generated toward evidence-based tobacco control, prevention and cessation programs, as well as other health-related initiatives. Increased tobacco tax combined with increased investment in tobacco control would yield major public health and budgetary wins for Oregon communities.

Thank you.

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