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March 8, 2017

House Committee on Revenue re: HB 2037, HB 2056, HB 2119, HB2662

Dear Chair Barnhart, Vice-Chairs Bentz and Smith Warner, Committee Members:

It's not fair to raise taxes on tobacco users, because they already pay much higher taxes than other citizens. Tobacco taxes are more regressive than almost any other tax, because lower income consumers use tobacco more than those with higher incomes, and the taxes paid by lower income consumers represent a larger percentage of their income.

Raising taxes so high is damaging to small businesses and their employees, because many more customers will buy tobacco from smugglers.

Washingtonians evade their state cigarette tax on 46% of cigarettes they consume. Oregon's smuggling rate is 11%. Raising Oregon's cigarette tax will increase our tax evasion proportionately.

Oregon collects over a fourth of our tobacco revenue by selling 41 million packs of cigarettes to Washington consumers. We should not give up this money and require Oregonians to replace over \$50 million in out-of-state revenue collections.

If we want to reduce tobacco use, we should invest a meaningful share of tobacco revenue in cessation programs. Allocating less than 1% of the MSA money, and only 3¢ per pack of the excise tax to cessation programs is not meaningful.

Tobacco consumption is declining at increasing rates. It is not good policy to rely on increasing revenue from an evaporating source.

Cigarette tax proposals should not be referred to voters because most voters are not well versed in the details of this critical revenue stream. Only Legislators can fully consider the unintended consequences of large tax increases and the long-term effects on programs which depend on tobacco for funding.

It is not fair to enable 80% of the citizens who do not use tobacco to approve a tax on the 20% who do. Such decisions underpin why we have representative government to protect small groups from the majority.

Lower expense growth must be considered in conjunction with tax increases. If revenue must be increased, it should be done through legislative action that raises revenue more fairly from many more citizens, because the tax burden would be much lower on each individual.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "WC Girard, Jr.", is written over a light blue horizontal line.

William C. Girard, Jr.
CEO, Plaid Pantries, Inc.
Chair, Oregon Neighborhood Store Association