



5/10/2017

House Committee on Revenue re: HB 2056 and -2 Amendment

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

Today I would like to announce our opposition to HB 2056 and the proposed amendment. Premium cigars are an affordable luxury that many consumers across Oregon enjoy. Premium cigars are an artisanal product that takes 3-5yrs to produce, and have been touched on average by 250 hands. Premium cigars are an art, and the men and women who work to provide these products are true tobacconists in every sense.

HB2056 and the proposed amendment are trying to solve a problem with the wrong tools. Removing preemption for the purpose of raising tobacco taxes creates unequal playing fields for Oregon businesses, and jeopardizes tax revenue to the state. Allowing local jurisdictions to enact alternating tax rates creates a scenario where local communities can pick winners and losers in the business community, all while targeting a specific demographic in each of those communities.

Furthermore, HB2056 and the proposed amendment fail to grasp the issue of price sensitivity for consumers. Premium cigars are a commodity artisanal product. Consumers of these products are not immune from price sensitivity. Everyday customers walk into a retail tobacconist and use this store as tasting room. Meaning they will try a new product, then openly state they will purchase more of the product online where it is drastically cheaper. Large out of state online companies have no obligation to collect Oregon tax, but the state is losing revenue daily to these internet companies.

Oregon instead should promote a more competitive tax rate for premium cigars, that encourages the patronage of Oregon brick and mortar businesses, over large out of state online companies.

Thank you for your time and consideration

-Tyler Henson  
US Western Regional Representative