



800 NE Oregon Street, Suite 730
Portland, OR 97232
Voice: (971)-673-0984
Fax: (971) 673-0994

Date February 28, 2018

TO: The Honorable Mitch Greenlick, Chair
House Committee on Health Care

FROM: Lillian Shirley, Director
Public Health Division
Oregon Health Authority

SUBJECT: HB 4146 Cigarette Tax

Chair Greenlick and members of the committee, as the Director of the Oregon Health Authority, Public Health Division, I am providing information on the importance of meaningful price increases on nicotine-containing products, such as cigarettes. HB 4146 includes other provisions that affect hospitals and Coordinated Care Organizations; however, this testimony addresses only the tobacco tax portion of the bill. Meaningful tobacco price increases from tobacco taxes can prevent nicotine addiction, tobacco use, and tobacco-related diseases among Oregon's youth and adults, and help adult tobacco users quit.

Tobacco use remains the leading preventable cause of death and disease in Oregon, claiming almost 8,000 lives per year. Tobacco use also costs Oregonians more than \$2.5 billion in medical spending, lost productivity, and premature death. Consequences of tobacco use include heart disease, asthma, emphysema, cancers and low-birth weight babies.

The U.S. Surgeon General identifies raising the price of tobacco products as one of the most effective strategies for reducing tobacco initiation among youth, decreasing tobacco consumption among smokers, and increasing tobacco cessation. Greater price increases will have a greater public benefit, and will also help reduce tobacco-related health disparities. Tobacco price increases are most likely to benefit price-sensitive users, including youth, low-income smokers on the Oregon Health Plan, and pregnant women.

Currently, Oregon's cigarette tax is one of the lowest in the country at \$1.33 per pack. When sales taxes are factored in, Oregon ranks 36th in the amount of total tax that people

pay for a pack of cigarettes. Nationally, the average total state tax for a pack of cigarettes is \$2.04. The total California tax is \$3.47 per pack. Washington's total tax per pack is \$3.53, both well over twice as much as in Oregon.

According to the Centers for Disease Control and Prevention, tobacco use can be reduced even further when a portion of tobacco tax revenue is dedicated to science-based tobacco prevention and education. The Oregon Health Authority's Tobacco Prevention and Education (TPEP) program is a science-based, comprehensive approach to tobacco prevention. Reductions in adult smoking since the beginning of TPEP translate to almost 200,000 fewer adult smokers in Oregon today. The tobacco-related cancer death rate has dropped 22 percent since the start of the program. Dedicating tobacco tax revenue to the program could spur further declines in tobacco use and reduce Oregon Health Plan medical expenditures.

In summary, increasing the price of tobacco by a minimum of 10% can result in a reduction in tobacco use and decrease future tobacco-related health care costs. The benefits of a price increase can be magnified when a portion of tobacco tax revenue is dedicated to science-based tobacco prevention and education.

Thank you for the opportunity to submit this testimony. The Oregon Health Authority, Public Health Division is happy to answer any additional questions you may have.