

June 17, 2019

Joint Tax Expenditures Committee
Oregon 2019 Legislative Session

Subject: AOC Testimony on HB 2270 A

Dear Co-Chairs Nathanson, Hass and Members of the Committee

Thank you for the opportunity to testify on HB 2270. AOC **supports HB 2270 A** for two overarching reasons:

1. Raising the tax on tobacco and creating a tax on e-cigarettes is critically important as a public policy action step that will improve the health of citizens, especially youth, who will use fewer tobacco products as a result of these additional taxes.
2. This bill will provide very important funding to maintain the stability our Oregon Health Plan (OHP) and to maintain current levels of healthcare coverage ---- approximately 1 million Oregonians rely on Medicaid. Please see the chart I have included in this testimony showing the percentage of citizens in each county who are served by Medicaid. For example, this number is 35% for Malheur County, 36% for Josephine County and 38% for Jefferson County.

HB 2270 A will make a tremendous difference:

- By raising the tobacco tax and also creating a critically important e-cigarette tax, Oregon would gain an estimated \$95 million of revenues in the current biennium and an estimated \$346 million in the 2021-23 biennium to fund these needed investments;
- By raising the price of tobacco and nicotine products, HB 2270 A is one of the most effective ways to support those who want to quit --- with a 10% increase in price there is an estimated 4% reduction in adult use and a 7% reduction in youth use;
- Revenue under HB 2270 A would be dedicated to the Oregon Health Plan as part of a six-year funding plan; additionally, this revenue would bolster tobacco prevention efforts. In 2013, when "Medicaid Expansion" was launched in Oregon, about 600,000 people were served by the OHP. Today, that number has grown by 400,000 and our Coordinated Care Organization (CCO) model has helped reduce our state's uninsured rate for healthcare from approximately 15% to about 6%. HB 2270 A is needed to make sure we don't go backwards after such important progress has been made.

Sincerely,



Andy Smith
Policy Manager, Association of Oregon Counties