

From: [John Hill](#)
To: [LRO](#)
Subject: HB-2270 testimony
Date: Tuesday, June 18, 2019 10:01:12 AM

Dear Tax Expenditure Committee members,

I am writing to you in opposition against HB-2270; specifically the removal of the 50 cent cap on premium cigars. This bill is hastily written and in fact does not promote the purpose it states; namely that it will drive Oregon revenue while promoting better Oregonian Health.

Let me start by saying that my focus here is premium cigars. Throughout this session I have heard testimony from dozens of health and economic advisors regarding cigarettes and e-cigarettes. However, I have heard absolutely nothing regarding premium cigars on this bill (outside of a few estimates of revenue projections). Bottom line here is that premium cigars are not cigarettes; not in manufacturing, ownership, intended use, risk and market targeting. The entire focus of this bill is on a product that is extremely dissimilar. Premium cigars are nothing more than collateral damage. This is neither fair nor is it advisable. Here is why

Financial aspects:

You have already heard testimony from Dae Baek your Senior Economist that projected including premium cigars in this bill will not bring in the projected revenue that many folks estimated it would. This estimate is estimated by many in the premium cigar market to be optimistic. Please consider revenue figures from Measure 44 passed back in 1998. OTP revenue fell by a huge amount the following years. The premium cigar tax cap brought the revenue back. Oregon was the first State to realize this fact. To date, at least 9 other States now use tax caps to raise revenue. These are not anecdotal estimates, these are facts. Finally, it is never considered good "long-term strategy" to base tax revenues off a declining market. The premium cigar market has been declining year-over-year since the 1950's. What will all this tax loss amount to in 3 years?

Health aspects:

Since this bill is a comingling of both financial and health, I need to remind this committee that I have submitted studies that show that children under the age of 18 do not smoke premium cigars (New England Journal of Science and Medicine). I have also provided a study co-sponsored by the FDA on All Mortality Rates for premium cigar consumers. This study shows zero impact for consumers smoking up to 2 cigars per day. The average premium cigar smoker smokes 1 or 2 per month. I have yet to see any studies rebuffing my submitted studies because anything submitted has been focused on cigarettes. Again, cigars are not cigarettes. Cigars are not addictive. Yes they contain nicotine- but in its natural unmodified form. The intended usage of not inhaling cigar smoke also limits the nicotine absorption into the body. Premium cigars are all natural from an organic plant series. Cigarettes are not organic plant material and are also heavily doped with chemicals to "up" the nicotine impact.

Downstream potential impacts:

If we buy into the idea that the impact to premium cigars will result in a loss of revenue, the loss will result in lower funding available for benefit programs. One of these programs is the Tobacco

Education Program. Lower funding on this program will result in lower exposure of tobacco usage risks to Oregon's kids. I don't think this is what the bill author's intended.

Adding premium cigars on to this bill when the authors of this bill have done no research at all to understand the product differences is simply reckless and will certainly have negative impacts on Oregon's revenue and overall health. Saying that premium cigars and cigarettes are equal is simply ignorant and clearly shows how little research was done in the area of premium cigar impacts on this bill.

I suspect the only goal of this bill is to put all tobacco products on a defacto-prohibition via taxation in order to force the smoke-free Oregon agenda. I need to remind all of you that those who don't learn from history are doomed to repeat it. If you choose to ignore historical premium tax revenues and you choose to ignore prohibition era ideals, you will suffer the fate of those who already learned very hard and painful lessons. Please avoid this error and remove premium cigars from this bill.

Regards,

John Hill
President
Oregon Cigar Association

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