



## HB 2270 Tobacco Tax

*Tobacco is the #1 preventable cause of death and disease in Oregon*

The **Tobacco Tax** increases cigarette taxes by \$2 a pack and increases the price of e-cigarettes and other tobacco products. The tax is earmarked for the Oregon Health Plan and tobacco prevention and cessation.

OHA submitted the concept for HB 2270 **first as public health measure.**

- **Tobacco kills nearly 8,000 people per year in Oregon. Increasing the price of tobacco products helps all people who use tobacco to quit – including youth and children.** When people quit smoking, it helps their families escape the health and economic burdens of nicotine addiction.
- The policy components of this bill **remain consistent with the original legislative concept** submitted to DAS in April of 2018: increase the price per pack of cigarettes by \$2.00, impose a new tax on e-cigarettes, change the definition of little cigars, and remove the tax cap on premium cigars. (DAS document submitted to OLIS)
- **Oregon doesn't tax inhalant delivery systems**, such as e-cigarettes, at all. E-cigarettes are the most popular tobacco product among Oregon youth.<sup>i</sup>
- We need every policy tool to try to reclaim the lost ground in tobacco prevention with the introduction of e-cigarettes.

The **Governor's Medicaid financing workgroup** also supported the tobacco tax as a clear way to **sustain funding long-term.**

- **Without this funding, we will face an additional \$320 million gap in Medicaid in the next biennium.**
- **Increasing the price of tobacco will improve the health of Oregonians on the Oregon Health Plan and reduce tobacco-related health care costs for the state.**
  - **About 27% of adults on OHP currently smoke. The cost of tobacco-related illness among the OHP population is 9% of OHP expenditures.**<sup>ii</sup>
  - **OHP members lose the most from tobacco addiction in both human and financial terms.** Tobacco-related disease, disability, and death are greater among the Oregon Health Plan (OHP) population. When more OHP members quit, the cost of tobacco-related disease will decrease for publicly funded health care plans.
  - **Tobacco-related illness and death is regressive.** Increasing the price of tobacco and dedicating the tax money to health care and other important services for low-income people creates financial stability.
- In 2014, tobacco-related illness among Oregon Health Plan members **cost the state \$374 million.** Over time, the reduction in smoking among Oregon Health Plan members would **save over \$52 million per year** in direct health care costs.

## Facts:

- At \$1.33 per pack, Oregon currently ranks 37<sup>th</sup> for cigarette taxes nationally.
  - Washington and California have the 9<sup>th</sup> and 10<sup>th</sup> highest total tax rates per pack at \$3.53 and \$3.46, respectively.<sup>iii</sup>
- Oregon does not tax inhalant delivery systems (for example, e-cigarettes, including Juul).
  - Youth use of inhalant delivery systems has increased dramatically in recent years.
    - In Oregon, e-cigarette use among 11th graders nearly tripled from 2013 to 2017 from 5% to 13%.<sup>iv</sup>
    - Roughly half of all Oregon youth who currently use tobacco started with e-cigarettes.<sup>v</sup>
  - Most adults who use e-cigarettes do not stop smoking cigarettes and instead continue to use both products.<sup>vi</sup>
- A \$2.00 per pack price increase for cigarettes will reduce cigarette consumption among youth by 21%, adults by 14% and OHP members by 17%.

## Oregon populations particularly affected by tobacco use include African-Americans, American Indians/Alaska Natives, and youth.

- 26% of African Americans and 30% of American Indians and Alaska Natives smoke cigarettes, compared to 18% of whites.<sup>vii</sup>
- One in five youth under the age of 18 who use currently tobacco would quit immediately. An additional **24,000 youth under age 18 would be prevented from ever starting to smoke.**<sup>viii</sup>
- 16,000 premature smoking-caused deaths would be prevented.
- 6,000 smoking-affected pregnancies and births would be prevented over five years.
- Children exposed to secondhand smoke are more likely to develop ear infections and respiratory problems like bronchitis and pneumonia.<sup>ix</sup> Secondhand smoke can cause more asthma attacks, and those attacks may be more severe.

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<sup>i</sup> Oregon Health Authority, Public Health Division, Health Promotion and Chronic Disease Prevention section. Current tobacco use and related topics among 8th and 11th graders, Oregon 2017.

<https://public.health.oregon.gov/DiseasesConditions/ChronicDisease/DataReports/Pages/YouthData.aspx>.

<sup>ii</sup> OHP Tobacco Cessation Services: 2012 Survey Report. Available at:

<http://www.oregon.gov/oha/healthplan/DataReportsDocs/2012%20Tobacco%20Cessation%20Services%20Survey.pdf>

<sup>iii</sup> State Excise and Sales Taxes Per Pack of Cigarettes - Total Amounts & State Rankings, 2018. Campaign for Tobacco-Free Kids. Available at: <https://www.tobaccofreekids.org/assets/factsheets/0202.pdf>

<sup>iv</sup> Oregon Health Authority, Public Health Division, Health Promotion and Chronic Disease Prevention section. Oregon Healthy Teens (OHT) Survey.

<sup>v</sup> Oregon Health Authority, Public Health Division, Health Promotion and Chronic Disease Prevention section. Oregon Healthy Teens (OHT) Survey.

<sup>vi</sup> Centers for Disease Control and Prevention. Smoking & Tobacco Use: Electronic Cigarettes — 2017. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2017. Retrieved from [https://www.cdc.gov/tobacco/basic\\_information/e-cigarettes/index.htm](https://www.cdc.gov/tobacco/basic_information/e-cigarettes/index.htm)

<sup>vii</sup> Oregon Health Authority, Public Health Division, Health Promotion and Chronic Disease Prevention section. Tobacco use and related topics among adults by race and ethnicity, Oregon Behavioral Risk Factor Surveillance System, Race Oversample 2015-2017, preliminary estimates.

<sup>viii</sup> American Cancer Society Cancer Action Network. 2018. Unpublished data. Presented at the CCO Tobacco Learning Collaborative. October 23, 2018.

<sup>ix</sup> American Academy of Pediatrics. HealthyChildren.org: The Dangers of Secondhand Smoke. Available at:

<https://www.healthychildren.org/English/health-issues/conditions/tobacco/Pages/Dangers-of-Secondhand-Smoke.aspx>. Accessed November 2, 2018.