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February 15, 2023

The Honorable Jason Kropf
Oregon House of Representatives
Chairman, House Committee on Judiciary

RE: Support for House Bill 2128

Dear Mr. Chairman and Members:

The Campaign for Tobacco-Free Kids is the nation's largest non-profit, non-governmental advocacy organization solely devoted to reducing tobacco use and its deadly toll by advocating for public policies that prevent kids from using tobacco and help smokers quit. Our organization has been active in local Oregon tobacco control campaigns **We support House Bill 2128 which will require all tobacco product manufacturers, regardless of status under the Master Settlement Agreement, to make payments to the state to help cover smoking-caused health care costs.**

Tobacco use remains the number one cause of preventable death and disease in Oregon and the United States. Too many Oregon residents continue to use tobacco, and more of our youth try and become hooked on dangerous and deadly tobacco products each year. Annual healthcare costs in Oregon directly caused by smoking total \$1.79 billion, and the cost to the state's Medicaid program is \$373.6 million, according to the CDC.

To help compensate for the health care costs caused by smoking, tobacco manufacturers who participated in the Master Settlement Agreement (MSA) between the states and the major U.S. tobacco companies pay Oregon millions of dollars annually to help compensate for harms caused by tobacco products. In contrast, tobacco manufacturers who did not participate in the MSA (known as non-participating manufacturers, or NPMs) have not been compensating the state for *any* harm caused by their tobacco products. Instead, these manufacturers make payments to escrow accounts, which are treated as investments and provide another income stream for these manufacturers. As a result, NPMs have been able to avoid any responsibility for the costly harms caused by their products. Adding to the concern, the escrow accounts have allowed NPMs to keep their product costs low, making them more affordable and accessible to price-sensitive youth. House Bill 2128 replaces this deeply flawed system.

Tobacco companies, which spend \$115 million annually to market their addictive products to Oregonians, should bear the healthcare costs of those who become sickened by these products, not the taxpayers of Oregon. By redirecting payments from the NPMs' escrow accounts to the state, House Bill 2128 will ensure that these funds can be used to treat those Oregonians suffering from tobacco-caused disease. House Bill 2128 also will limit NPMs' ability to lower the costs of their products, which is critical to preventing youth tobacco use.

The Campaign for Tobacco-Free Kids supports the passage of HB 2128 in addition to other measures designed to prevent kids from using tobacco products and to help tobacco users quit.

Sincerely,

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