

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Without Recommendation as to Passage and Be Referred to the Committee on Revenue by prior reference and then to the Committee on Ways and Means by prior reference.

Vote: 8 - 0 - 1

Yeas: Boone, Cowan, Dembrow, Freeman, Huffman, Olson, VanOrman, Tomei

Nays: 0

Exc.: Maurer

Prepared By: Keely West, Administrator

Meeting Dates: 3/18

WHAT THE MEASURE DOES: Increases tax on moist snuff. Requires tobacco companies who did not enter into the Smokeless Tobacco Master Settlement Agreement to become participants in the agreement or place amounts similar to those required by the agreement into an escrow account for purposes of meeting their responsibilities to the state for damage to the health and welfare of Oregonians. Requires tobacco companies make regular reports to the attorney general about required information including information about the presence of an agent, eligibility to do business, maintenance of necessary accounts required by the state, and products manufactured and marketed. Prohibits the sale of unreported products and provides for penalties for non-compliance. Appropriates funds for enforcement; appropriates revenue for shaken baby prevention and child abuse examinations.

ISSUES DISCUSSED:

- Referral to Committee on Revenue

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Each year in Oregon, tobacco use kills more than 6,000 people. Tobacco use cost Oregonians \$1.8 billion in 2000. The direct cost to the healthcare system was nearly \$900 million, and every pack of cigarettes sold costs the economy \$7.18: \$3.45 in medical costs and \$3.73 in lost productivity due to premature death and disease. The activities that create an environment for tobacco prevention do not happen in isolation. Legislation, medical services and counseling for smokers, and community education programs for the general public require adequate funding and organization. In 1997 the Oregon's Tobacco Prevention and Education Program (TPEP) was launched with a directive to reduce tobacco-related illness and death. Since its inception, TPEP has been a comprehensive program, addressing the issues of tobacco use by working to reduce exposure to secondhand smoke, counter pro-tobacco influence, help people quit and eliminate health disparities.

Moist snuff is a dangerous and addicting product that leads to cancer and other health problems. Currently, moist snuff is taxed on an ad valorem basis. HB 2672 shifts Oregon to a weight based tax and directs funds to health and wellness programs and enforcement of tobacco related regulations.