

**Support for HB2110, HB 2553, HB2231 Before House Revenue Committee**  
March 24, 2011

R. David Rebanal, MPH Senior Program Officer, Northwest Health Foundation  
DRebanal@nwhf.org 503-220-1955 | 221 NW 2<sup>nd</sup> Ave., Suite 300, Portland, OR 97209

Co-Chair Berger, Co-Chair Barnhart, and Members of this Committee:

Good morning. For the record, my name is David Rebanal, and I am a Senior Program Officer with the Northwest Health Foundation. I am here today on behalf of the Northwest Health Foundation to voice our **support for increasing the state's tobacco tax proposed in House Bills 2110, 2553, and 2231** and to fund tobacco prevention and chronic disease prevention programs in our state and local health departments. The Northwest Health Foundation is a not-for-profit, philanthropic organization that has been working to improve the health of the people of Oregon by supporting community organizations with grants, improving our public health system and workforce, and advocating for policies changes that improve the opportunity for health for all Oregonians. **We have continued to invest in efforts to curb tobacco use because tobacco use is still the leading cause of preventable death in Oregon.**

**NWHF has been a participant in the conversations about health care reform and we are aware that the question of "how to manage some of the bigger cost-drivers" has been an important part of your discussions.** As reported by the Oregon Health Authority, an increase in the tobacco tax has a clear impact on cost by lowering the number of smokers and, in turn, lowering the number of smoking-related illnesses that are currently being paid for by the state. In Oregon, this translates into \$1.25 billion in direct medical costs, which includes both public and private health payers. And according to the Centers for Disease Control and Prevention, \$347 million of that is in direct Medicaid costs to the Oregon Health Plan.

**The good news is that these measures, which would increase our tobacco taxes anywhere from \$1 to \$1.82, are reliable, substantial revenue sources.** We're talking about increasing the tax on a pack of cigarettes between 85-250%. We know that when the price of a pack of cigarettes goes up we can expect consumption to drop. But since consumption drops more slowly than the price rate increase, the net effect is a substantial revenue gain. Numerous economic studies have proven this. The Oregon Health Authority has shared their estimates based upon the Office of Economic Analysis' March 2011 Revenue Forecast (shown on page 2 of the written copy of my testimony). **These estimates range from \$250M-\$358M in the 2011-2013 biennium, and as much as \$456M in the 2013-2015 biennium.** The bottom line is that all of these bills would raise more than \$250M per biennium.

MEASURE: HB 2110  
EXHIBIT: I  
HOUSE REVENUE COMMITTEE  
DATE: 3/24/2011 PAGES: 2  
SUBMITTED BY: DAVID REBANAL

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**New revenue from 2011 tobacco tax bills (all \$ in millions)  
Public Health Estimates (3/16/11)\***

|   |              | 2011-2013       | 2013-2015       | 2015-2017       |
|---|--------------|-----------------|-----------------|-----------------|
| <b>HB 2110</b>                            | <b>Total</b> | <b>\$250.99</b> | <b>\$325.44</b> | <b>\$310.93</b> |
| \$1 per pack increase<br>(85% higher)     | TURA         | \$49.49         | \$63.35         | \$59.47         |
| OTP increase                              | OHP          | \$181.35        | \$233.46        | \$220.92        |
| <br>                                      |              |                 |                 |                 |
| <b>HB 2231</b>                            | <b>Total</b> | <b>\$213.68</b> | <b>\$272.42</b> | <b>\$254.35</b> |
| \$1 per pack increase<br>(85% higher)     | TURA         | TBD             | TBD             | TBD             |
| No OTP increase                           | OHP          | TBD             | TBD             | TBD             |
| <br>                                      |              |                 |                 |                 |
| <b>HB 2533</b>                            | <b>Total</b> | <b>\$358.04</b> | <b>\$456.45</b> | <b>\$426.18</b> |
| \$1.82 per pack increase<br>(254% higher) | TURA         | \$8.19          | \$10.44         | \$9.75          |
| No OTP increase                           | OHP          | \$261.35        | \$333.18        | \$311.08        |

\* Public Health estimates are based on the Office of Economic Analysis' March 2011 revenue forecast (<http://www.oregon.gov/DAS/OEA/docs/economic/revenue.pdf>). Estimates will be revised when new forecasts are released.

\*\* The Legislative Revenue Office will release its own estimates when instructed by the legislature.

**Finally, we support these measures because increasing tobacco taxes saves lives.** As an organization, NWHF places a high value on the public health implications for public policy. Each year, smoking kills more people than AIDS, alcohol, drug abuse, car crashes, murders, suicides, and fires - combined. We support these tobacco tax increases because an increase in the tobacco tax also has the important public health impact of **driving down the number of teen smokers.** **The tobacco companies oppose this tax for the same reason.** They know that ninety percent of smokers start as teens. In fact, in Oregon, 31,600 high school students smoke, with 4,000 more starting every year. The fewer teens that start smoking, the fewer adults who will suffer from the chronic illness associated with a lifetime of smoking. These measures will save lives and raise revenue. And we ask that you support increasing our state's tobacco tax this session. Thank you.

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MEASURE: HB 2231  
EXHIBIT: 1  
HOUSE REVENUE COMMITTEE  
DATE: 3/24/2011 PAGES: 2  
SUBMITTED BY: DAVID REBANAL

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NWHF has been a participant in the conversations about health care reform and we are aware that the question of "how to manage some of the bigger cost-drivers" has been an important part of your discussions. As reported by the Oregon Health Authority, an increase in the tobacco tax has a clear impact on cost by lowering the number of smokers and, in turn, lowering the number of smoking-related illnesses that are currently being paid for by the state. In Oregon, this translates into \$1.25 billion in direct medical costs, which includes both public and private health payers. And according to the Centers for Disease Control and Prevention, \$347 million of that is in direct Medicaid costs to the Oregon Health Plan.

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**New revenue from 2011 tobacco tax bills (all \$ in millions)**  
**Public Health Estimates (3/16/11)\***

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|---|--------------|-----------------|-----------------|-----------------|
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| \$1 per pack increase<br>(85% higher)     | TURA         | \$49.49         | \$63.35         | \$59.47         |
| OTP increase                              | OHP          | \$181.35        | \$233.46        | \$220.92        |
| <br>                                      |              |                 |                 |                 |
| <b>HB 2231</b>                            | <b>Total</b> | <b>\$213.68</b> | <b>\$272.42</b> | <b>\$254.35</b> |
| \$1 per pack increase<br>(85% higher)     | TURA         | TBD             | TBD             | TBD             |
| No OTP increase                           | OHP          | TBD             | TBD             | TBD             |
| <br>                                      |              |                 |                 |                 |
| <b>HB 2533</b>                            | <b>Total</b> | <b>\$358.04</b> | <b>\$456.45</b> | <b>\$426.18</b> |
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