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HOUSE REVENUE COMMITTEE
DATE: 3/29/201/ PAGES: 4
SUBMITTED BY: MARY 400

Testimony to House Revenue Committee
Re: Tobacco Tax Increase Proposals
By: Mary Lou Hennrich
Executive Director, Oregon Public Health Institute
March 29, 2011

Co-Chair Barnhart, Co-Chair Berger, Members of the Committee,

My name is Mary Lou Hennrich and I am the Executive Director of Oregon Public Health Institute (OPHI), an independent, non-profit, non-governmental organization with a mission to improve the health of Oregonians through effective public health policy and programs.

Knowing that health begins long before illness in our homes, schools, and work places, we focus on evidence based policies that help to create places where people live, learn, work and play that make it possible for Oregonians to make the healthy choice the easy choice.

I am also a member of the Oregon Nurses Association and the OEBB Board of Directors, and was the founding CEO of CareOregon, Oregon's largest OHP managed care contractor.

I have been a public health nurse and administrator for the past 40 years and can remember the days when physicians and nurses advertised cigarettes while wearing their white coats and uniforms. This certainly was marketing the *unhealthy choice* as the "cool, sophisticated, medically sanctioned" choice. We later tried to "educate" our patients and the public about the negative and deadly health outcomes that result from smoking. We didn't see much change, however in rates of smoking after many years of that individual "educational" approach.

It was only after a comprehensive, population and environmental change approach was taken hat we began to see dramatic decreases in smoking. Laws that taxed tobacco products and increased their purchase price was proven to be one of the most effective strategies to deter many, especially youth, from becoming addicted to tobacco—the number one cause of heart and lung disease and cancer. Dedicating a portion of the tax revenue continues to support a comprehensive array of community based prevention activities and also supports effective cessation programs for those already addicted. Taxes, coupled with clean indoor air laws that restrict locations where cigarettes may be smoked have been proven to be the most effective ways to keep many individuals from becoming addicted or support their efforts to become "former smokers."



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2009 tobacco use data reports that 17.5% of adults, 15% of 11th graders, and 10% of 8th graders in Oregon continue to smoke. While these rates are drastically lower than 40 or even 20 years ago, they are still higher than they need to be—driving up disease and death rates along with the growing costs of treating resulting chronic diseases.

You and I heard quite a bit of testimony on various sides of the tobacco tax issue at your hearing last week—some of it conflicting and confusing as the industry representatives and their agents tried to convince you that raising the tax on cigarettes a minimum of \$1.00/pack would somehow be grossly unfair to low income Oregonians and that "they, the tobacco industry" had the health and well being of low income, youth and communities of color as their primary concern—not of course, the "profit" gained by their targeted marketing and other costly and highly effective strategies used to encourage tobacco use— ultimately leading to addiction, disease and death at much higher rates, especially among these vulnerable populations.

One of the main arguments presented by the industry representatives who oppose raising the tobacco tax was their claim that tobacco taxes are *regressive!* Mr. Nelson presented the profile of Oregon smokers by annual income level, pointing out that according to their industry data, more than 50% of those who smoke have incomes of less than \$35,000 year and many of them have even lower incomes, often less than \$25,000 or even \$15,000/year.

When questioned by Representative Gelser, they claimed they "didn't know why this was the case"...and disagreed that the tobacco industry carefully targets marketing to youth and low income individuals and communities of color—continuing to assert that increasing the tobacco tax would simply be *unfair* to low income Oregon smokers by increasing already *regressive* state and federal excise taxes.

When a young health advocate speaking on behalf of communities of color, youth and other low income individuals pointed out that high, disproportionate rates of disease and death from tobacco addiction in low income people is the *real regressive issue*, I wanted to stand up and cheer, saying—"right on—you're speaking truth to power—keep it up!"

So, I revised what I had originally planned to say in my testimony today and instead looked up some disease and death data from

Oregon's vital statistics. 2007 is the most recent year with complete data so that's what I have summarized on the attached table on the last page of my written testimony.

Correlating Mr. Nelson's economic data with the state's "tobaccolinked" death data, I was shocked to see the numbers—nearly 3 out of every 5 "tobacco-linked" deaths in Oregon is to a low income person as defined by the industry data presented to you last week. What could be *more regressive* than to sit back and let this disproportionate burden of disease and death to Oregon's most vulnerable residents continue, without taking the most proven, effective step immediately available to you—raising the tax on tobacco products by a minimum of \$1/pack.

Raising the price of a pack of cigarettes can be triple win—a win for individuals by reducing the number of youth that start smoking, a win for the state budget by raising millions of dollars of revenue needed for many critical programs and services, including additional funds for comprehensive tobacco prevention and cessation services, and a win for the majority of taxpayers who foot the ever escalating bill for healthcare related costs for the poor, the elderly and public employees.

The next step, as I see it, is quite simple—cast your vote for at least a dollar a pack increase on cigarettes and other tobacco products sold in Oregon. You will save money and more importantly LIVES! It's what your constituents want—as you heard last week—polling of voters in Oregon shows strong (70%) support for a \$1 tobacco tax when the revenue raised goes to fund tobacco prevention, healthcare for low income Oregonians and other effective public health programs in counties across the state. Years of experience and research show that for every 10% increase in the price of cigarettes there is a corresponding reduction in youth smoking by about 7%. The only way to get our tobacco use rates closer to zero is to keep children and youth from becoming addicted. You have the power to protect Oregon's children and youth AND raise much needed revenue.

Thank you for serving our state and making your "yes" vote to increase the tobacco tax, after carefully considering the overwhelmingly positive research based information being presented to your committee.

## The Regressive Toll of Tobacco Use

Approximately 30,000 Oregonians die each year. Over **22 percent of these deaths are identified as "tobaccolinked" on the death certificate.** These deaths are almost always due to one of three main causes: **cancers**, **cardiovascular diseases**, or **respiratory diseases**. (Table 1.)

Table 1: Tobacco-linked Deaths, 2007\*

Cause of Death	Total	Percent
Cancers	1,922	28%
Cardiovascular diseases	1,850	27%
Respiratory diseases	1,553	22%
Other	1,640	24%
Total tobacco related deaths	6,965	100%

<sup>\*</sup>Sources: Oregon Death Certificate Statistical File Volume 2 2007 Annual Report, 2007. Oregon Center for Health Statistics. http://www.dhs.state.or.us/dhs/ph/chs/data/arpt/07v2/chapter6/table620.pdf

- According to testimony given to the Oregon House Revenue Committee on 3/24/11 by Mark Nelson, lobbyist for RJ Reynolds Tobacco Company, 57.4% of Oregon smokers have annual household incomes LESS THAN \$35,000.
- It follows, therefore, that **57.4%** of the **6,965 total tobacco-linked deaths** in calendar year 2007 were to **low income Oregon smokers** with annual incomes <\$35,000.
- This means that 3,998 low income Oregonians died from tobacco-linked causes in 2007.
- Mr. Nelson's data indicated that only 13.4% of Oregon Smokers have incomes ≥ \$75,000; therefore only 933 higher income individuals had tobacco-linked deaths in 2007.
- Therefore, there are MORE than FOUR TIMES as many low-income Oregonians dying each year of Tobacco-related causes as compared with higher income residents.

#### **TALK ABOUT REGRESSIVE!**

- In addition, many of these low income residents rely on tax supported programs, e.g. Medicaid,
  Medicare, Veterans Administration for their healthcare coverage or they are uninsured and therefore
  contribute to the "cost shift" that is driving up the annual cost of private healthcare coverage for
  employers and employees.
- Yes, low income Oregonians are bearing a much heavier burden of illness and death due to tobacco
  products and the average Oregon taxpayer is bearing the burden of the increased costs of
  government supported healthcare AND higher insurance premiums.

**INCREASING THE TOBACCO TAX** AND DEDICATING SOME OF THE ADDITIONAL REVENUE TO TOBACCO **PREVENTION AND CESSATION** SERVICES **CAN** BEGIN TO **NARROW THE MORTALITY GAP** BETWEEN LOW AND HIGHER INCOME OREGONIANS **and DECREASE SPIRALING COSTS** OF HEALTHCARE **FOR ALL OREGON TAXPAYERS.** 



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One of the main arguments presented by the industry representatives who oppose raising the tobacco tax was their claim that tobacco taxes are *regressive!* Mr. Nelson presented the profile of Oregon smokers by annual income level, pointing out that according to their industry data, more than 50% of those who smoke have incomes of less than \$35,000 year and many of them have even lower incomes, often less than \$25,000 or even \$15,000/year.

When questioned by Representative Gelser, they claimed they "didn't know why this was the case"...and disagreed that the tobacco industry carefully targets marketing to youth and low income individuals and communities of color—continuing to assert that increasing the tobacco tax would simply be *unfair* to low income Oregon smokers by increasing already *regressive* state and federal excise taxes.

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Raising the price of a pack of cigarettes can be triple win—a win for individuals by reducing the number of youth that start smoking, a win for the state budget by raising millions of dollars of revenue needed for many critical programs and services, including additional funds for comprehensive tobacco prevention and cessation services, and a win for the majority of taxpayers who foot the ever escalating bill for healthcare related costs for the poor, the elderly and public employees.

The next step, as I see it, is quite simple—cast your vote for at least a dollar a pack increase on cigarettes and other tobacco products sold in Oregon. You will save money and more importantly LIVES! It's what your constituents want—as you heard last week—polling of voters in Oregon shows strong (70%) support for a \$1 tobacco tax when the revenue raised goes to fund tobacco prevention, healthcare for low income Oregonians and other effective public health programs in counties across the state. Years of experience and research show that for every 10% increase in the price of cigarettes there is a corresponding reduction in youth smoking by about 7%. The only way to get our tobacco use rates closer to zero is to keep children and youth from becoming addicted. You have the power to protect Oregon's children and youth AND raise much needed revenue.

Thank you for serving our state and making your "yes" vote to increase the tobacco tax, after carefully considering the overwhelmingly positive research based information being presented to your committee.

## The Regressive Toll of Tobacco Use

Approximately 30,000 Oregonians die each year. Over 22 percent of these deaths are identified as "tobaccolinked" on the death certificate. These deaths are almost always due to one of three main causes: cancers, cardiovascular diseases, or respiratory diseases. (Table 1.)

Table 1: Tobacco-linked Deaths, 2007\*

Cause of Death	Total	Percent	
Cancers	1,922	28%	
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- According to testimony given to the Oregon House Revenue Committee on 3/24/11 by Mark Nelson, lobbyist for RJ Reynolds Tobacco Company, 57.4% of Oregon smokers have annual household incomes LESS THAN \$35,000.
- It follows, therefore, that **57.4%** of the **6,965 total tobacco-linked deaths** in calendar year 2007 were to **low income Oregon smokers** with annual incomes <\$35,000.
- This means that 3,998 low income Oregonians died from tobacco-linked causes in 2007.
- Mr. Nelson's data indicated that only 13.4% of Oregon Smokers have incomes ≥ \$75,000; therefore only 933 higher income individuals had tobacco-linked deaths in 2007.
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- In addition, many of these low income residents rely on tax supported programs, e.g. Medicaid,
  Medicare, Veterans Administration for their healthcare coverage or they are uninsured and therefore
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