MEASURE: HB 2110
EXHIBIT: N
HOUSE REVENUE COMMITTEE
DATE: 3/29/2011 PAGES: 1
SUBMITTED BY: MICHAEL NOVAK

LEAGUE of Oregon CITIES

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March 24, 2011

Honorable Phil Barnhart, Co-Chair
Honorable Vicki Berger, Co-Chair
House Revenue Committee

Co-Chairs Barnhart and Berger,

The League of Oregon Cities holds the deepest regard and appreciation for the community health benefits intended by the sponsors of HB 2110, HB 2231, HB 2385, and HB 2533 as well as the Revenue Committee's interest in hearing the bills. However, as a representative of all 242 cities in the state of Oregon, I wish to express concerns the League has on these bills' negative adjustment to the cigarette tax formula and their disruption to a decades long promise by the state to cities.

Since the 1960's the cigarette tax has been part of the State Shared Revenue System, imposed by the State, with a percentage distributed to local governments in exchange for preemption on local governments instituting local cigarette taxes. Originally, cities received 25% of this tax, yet today city allotment is less than 2%. While HB 2110 and HB 2231 both increase the overall cigarette tax, HB 2110 decreases the share distributed to cities resulting in a yearly loss of approximately $2 million statewide. HB 2231, while final adjustments are not decided yet, seems to indicate a similar scenario.

It is important to Oregon cities' economic wellbeing that the state maintain and strengthen the its historic commitment to State Shared Revenue formulas, which cities now depend on to be able to provide essential services to their citizens. Negatively adjusting the cigarette tax formula for local governments would be a devastating blow to cities which could lead to the elimination of crucial city services and causing hardships from which it would take years to recover.

Additionally, state preemption of local government imposition of taxes limits city ability to make local decisions to meet local demands. The lifting of the tobacco preemption proposed in HB 2385 would provide a much needed tool to local communities by providing greater local control in the decision making process. Any such lifting should include Oregon cities so that the greatest benefit may be afforded Oregon residents.

Thank you for your consideration.

Michael Novak
League of Oregon Cities

MEASURE: HB 2231
EXHIBIT: N
HOUSE REVENUE COMMITTEE
DATE: 3/29/2011 PAGES: 1
SUBMITTED BY: MICHAEL NOVAK

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Michael Novak
League of Oregon Cities

MEASURE: HB 2533
EXHIBIT: N
HOUSE REVENUE COMMITTEE
DATE: 3/29/2011 PAGES: 1
SUBMITTED BY: MICHAEL NOVAK

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