

**Hamid Rezaeepour**

Sr. Director, Retail Strategy  
United Pacific  
4130 Cover St.  
Long Beach, CA 90808  
P: (310) 808-6805  
C: (310) 433-4162

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**Oregon House Revenue Committee**

900 Court St NE  
Salem, OR 97301

**RE: Opposition to House Bill 2528 – Proposed Excise Tax Increase on Modern Oral Nicotine Products**

Dear Chair Nathanson and Members of the Committee,

I am writing to express my strong opposition to House Bill 2528, which proposes a 95% Average Wholesale Price (AWP) excise tax on modern oral nicotine products (MONs), such as nicotine pouches.

As Sr. Director of Retail Strategy at United Pacific, a company operating more than 650 convenience stores throughout the Western U.S.—including in Oregon—I have seen firsthand how Modern Oral Nicotine's (MONs) support adult smokers seeking to transition away from traditional combustible tobacco products. A steep tax increase on these alternatives threatens to reverse that progress, burden working-class consumers, and expand illegal market activity in the state.

Modern oral products are smoke-free, spit-free, and tobacco-leaf-free—designed specifically to give adult consumers a pathway to move from cigarettes and other traditional products. Taxing them at levels equal to or higher than the most harmful nicotine products sends a confusing and counterproductive message to the public. More specifically:

- **It discourages harm reduction:** Over-taxing MONs may force price-sensitive adults, particularly those in low-income communities, to revert to or continue smoking cigarettes.
- **It fuels illegal markets:** With Oregon already imposing high taxes on cigarettes, adding a 95% AWP tax on MONs will push consumers toward unregulated illicit markets where products are cheaper, untested, and easily accessible. Massachusetts, for example, experienced a significant rise in illicit product trafficking following its 2020 flavored tobacco ban and increased excise taxes. In a 2025 [report](#), the Massachusetts Illegal Tobacco Task Force stated that enforcement had become “almost impossible” due to organized smuggling from neighboring jurisdictions and online sales.

- **This is consistent with national trends:** Research from the Mackinac Center for Public Policy shows that states with the highest excise taxes also experience the highest rates of smuggling. New York, with the highest state cigarette tax in the U.S., had an estimated smuggling rate of over 53% in 2020. Further, the National Academies of Sciences found that large tax differentials between jurisdictions are a primary driver of illicit trade. These trends are amplified when enforcement resources are insufficient—as is the case here.
- **It unfairly burdens working families:** Regressive taxes like those proposed in HB 2528 disproportionately impact low-income consumers. These are often the same individuals’ legislators claim to protect.
- **It is fiscally short-sighted:** Cigarette tax revenue has consistently proven unstable over time due to declining legal sales and rising illicit trade. Replicating this model for MONs will likely yield the same result.
- **It reflects misaligned priorities:** Proposals that both restrict consumer access and increase financial penalties on reduced-risk alternatives contradict public health goals and appear more punitive than preventive.

Although Washington State is reportedly considering similar policies, Oregon should not follow suit.. Aligning with flawed policy does not make it sound. Instead, Oregon has an opportunity to take the lead in shaping sensible nicotine regulation—one that promotes public health, safeguards tax revenue, and ensures adult consumers remain within the regulated marketplace.

**I respectfully urge the committee to vote against HB 2528** and instead support tax and regulatory policies that are balanced, enforceable, and rooted in public health science.

Thank you for your time and consideration.

Sincerely,  
**Hamid Rezaeepour**  
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