

My name is Doug Ball and I am the Category Manager for Tobacco for Jacksons Food Stores, owners/operators of over 315 convenience stores in the Western US, including 56 stores in Oregon.

Cigarette unit sales in the US have declined from 21.1 billion packs in 2000 to 10.8 billion in 2020. As a per capita rate that works out to 101.0 packs per US adult in 2000 down to 42.3 packs in 2020.^[1]

Jacksons Food Stores sales mirrored these national declines during this time. Since 2020 we have seen cigarettes and moist snuff (Copenhagen/Skoal) unit sales decline at an accelerated rate. We are currently down over 15% in unit sales for cigarettes and moist snuff YTD in our Oregon stores through April.

The accelerated declines in traditional tobacco products matches up with the increase in popularity of nicotine pouches. Jacksons was an early adopter of nicotine pouches and our traditional tobacco units have been declining at a greater rate than the overall market over the past few years. This can be attributed to the fact that our stores sell over two times the volume per outlet of nicotine pouches compared to competitor c-stores in the same ZIP codes.

The FDA has published a continuum of risk listing Combustible Cigarettes on the “most harmful” side with Moist Snuff coming in less harmful than cigarettes. On the far end of “least harmful” products the FDA lists Nicotine Pouches.

It is important to remember it is not nicotine that causes cancer, it is the additional chemicals and compounds in cigarettes when combusted and inhaled into the lungs that cause cancer. Nicotine by itself is a stimulant not that dissimilar to caffeine.

In all research materials I have seen, one common theme that is irrefutable is that nicotine is not appropriate for the developing brains of our youth. Nicotine products should not be used by anyone under the legal age of 21 in any form.

Nicotine is addictive, that cannot be denied, but caffeine also has addictive properties. Both caffeine and nicotine stimulate the central nervous system. Nicotine stimulates the brain's dopaminergic system releasing dopamine. Caffeine inhibits the release of adenosine in the brain which in turn increases the activity of the dopaminergic system. Both nicotine and caffeine can cause increased heart rate and produce stimulation and arousal.^[2]

Nicotine pouches allow adult consumers to get their nicotine in a much less harmful way. According to the American Lung Association, cigarettes contain over 7,000 chemicals, many which are harmful to your health. The additives in nicotine pouches are food grade sweeteners, pH adjusters to keep the product shelf stable and binding agents in addition to the nicotine. In fact, unlike cigarettes or moist snuff, the ingredients are printed right on the cans themselves.

According to the 2024 National Youth Tobacco Survey published by the FDA nicotine pouches were called out as “not statistically significantly changed from 2023” while adult nicotine pouch usage has continued to grow rapidly. The youth usage rate was 1.8% in 2024. Jacksons supports restricting underage access to tobacco and nicotine products, but we cannot support legislation calling for changes based on youth access for a product that is not popular among our youth.

Cigarette usage among youth continues to set new generational lows each year the NYTS survey is published. Vape usage is down 72% among youth since the high-point was set five years ago. Education and anti-nicotine campaigns are very effective tools and deserve funding and our support to help keep our youth from using any nicotine products.

Jacksons Food Stores are self-distributed through Capitol Distributing, so I know exactly how much the 65% wholesale tax would affect our Oregon consumers. I know Capitol's cost for our nicotine pouch brands and I know what their markup is, allowing me to know what my delivered cost per can would be including the tax and markups. We then need to markup that item to our target Gross Margin percentage. At Jacksons Food Stores, our current retail price of ZYN at \$6.19 would need to be at least \$10.49 after the 65% wholesale tax. A one can per day consumer would spend an additional \$1,570 per year due to this tax increase; a regressive tax impacting those on the lower end of the economic scale disproportionality to those at the higher end.

My other fear is that if nicotine pouches are priced at parity with, or more expensive than cigarettes, consumers may switch back to more harmful choices. I mentioned that a can of ZYN would need to be at least \$10.49 in our stores with the proposed tax increase. We currently offer Lucky Strike cigarettes at \$9.60 per pack. This means a can per day user of ZYN would save \$325 per year by switching to Lucky Strike cigarettes over ZYN nicotine pouches.

I thank you for your time and consideration of these points above when debating the merits of HB 2528.



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[1] “20 Year Trends in Tobacco Sales and Self-Reported Tobacco Use in the United States, 2000–2020”; Centers for Disease Control

https://www.cdc.gov/pcd/issues/2022/21_0435.htm

[2] “What to know about nicotine vs. caffeine”; Medical News Today

<https://www.medicalnewstoday.com/articles/nicotine-vs-caffeine>