



May 22, 2025

Senate Committee on Finance and Revenue
Testimony in Opposition to SB702

Chair Meeks, Vice Chair McLane, and Members of the Committee,

The Cigar Association of America (CAA) is the leading national trade organization representing the interests of cigar manufacturers, importers, distributors, and major suppliers in the cigar and pipe tobacco industry. As such, CAA is a key stakeholder in any discussion concerning the regulation of these products, as changes in the law have a direct and significant impact on our members and their ability to conduct business.

CAA submits this testimony in opposition to Senate Bill 702 (the “Proposed Flavor Ban”)—both in its original form and in its amended version, which seeks to restrict the sale of flavored tobacco products, including cigars and pipe tobacco, to state-owned and operated liquor stores.

While the amended version may appear to preserve adult access, in practice, it amounts to a de facto ban. State liquor stores are not designed, staffed, or equipped to sell cigars and pipe tobacco, products that require specialized knowledge, proper storage conditions, and a tailored retail environment. As noted in our original testimony to the Senate Committee on Early Childhood and Behavioral Health, flavored cigars represent up to 47% of the cigar market, and nearly all pipe tobacco can be considered flavored based on its manufacturing process. These products are traditionally sold by licensed tobacconists, cigar lounges, and specialty retailers—businesses that have built expertise and infrastructure specifically for these categories. It is unrealistic to expect state liquor stores to make the significant financial and operational investment required to sell these products responsibly and effectively.

As a result, the passage of SB702 in its current form would strip small businesses of the ability to sell products that represent a substantial portion of their revenue, while also cutting off legal access for adult consumers. This would lead to direct economic harm for retailers, loss of state tax revenue, and greater reliance on out-of-state or illicit sources.

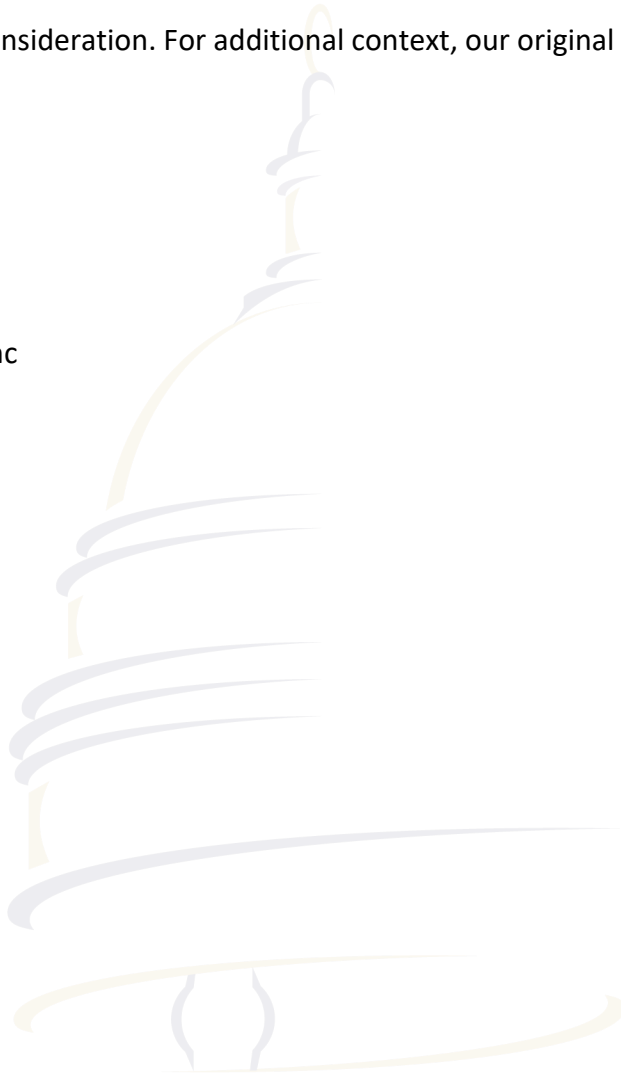
Moreover, the bill fails to address the primary source of youth access to tobacco products. Data consistently show that youth are not obtaining cigars or pipe tobacco from licensed retailers, but rather through social sources—such as older friends, siblings, or other informal channels. This was even acknowledged by a testifier during the committee hearing, who stated that youth typically rely on adults to purchase these products on their behalf. This mirrors trends seen with alcohol, which has a significantly higher rate of youth use. Restricting flavored tobacco sales to liquor stores does nothing to address this dynamic and instead unfairly penalizes Oregon retailers already complying with stringent age-verification laws.



Limiting flavored tobacco sales to state liquor stores is not sound public policy. It fails to address the root causes of youth access, punishes law-abiding businesses, reduces consumer choice, and sets the stage for enforcement challenges and economic disruption. SB702, even as amended, remains fundamentally flawed. We respectfully urge the committee to reject this proposal.

Thank you for your time and consideration. For additional context, our original testimony is attached for reference.

Respectfully submitted,
Scott Pearce
President,
Cigar Association of America, Inc
Pipe Tobacco Council, Inc





March 5, 2025

Senate Committee on Early Childhood and Behavioral Health
Testimony in Opposition to SB702

Chair Reynolds, Vice Chair Anderson, and members of the Committee,

The Cigar Association of America (CAA) CAA is the leading national trade organization representing the interests of cigar manufacturers, importers, distributors, and major suppliers in the cigar and pipe tobacco industry, and therefore is, a key stakeholder in any discussion on the regulation of these products, as any changes in laws significantly impact its members and their ability to conduct business.

CAA submits this testimony in opposition to Senate Bill 702 (the "Proposed Flavor Ban").¹ Put simply, there is no legal, factual, or scientific basis for a prohibition on the sale of flavored cigars and pipe tobacco in Oregon. Doing so would be detrimental to Oregon businesses and deprive adult cigar and pipe tobacco consumers of their right to a legal product. Furthermore, it would shift these sales to out-of-state markets and divert a significant source of tax revenue.

The Proposed Flavor Ban is a sweeping action -- banning flavors and removing adult consumers' ability to choose -- across nearly all categories of tobacco products. Such draconian measures, however, are simply not justified for cigars or pipe tobacco, as there is no youth epidemic of use of these products. CAA estimates that flavored cigars represent up to 47% of the cigar market and nearly all pipe tobacco can be considered flavored based simply on the technical process used to manufacture the product. Passage of the Proposed Flavor Ban would be a deeply flawed decision, causing great financial harm to Oregon businesses selling these products.

Critically, extending the Proposed Flavor Ban to cigars and pipe tobacco is not supported by scientific data. Surveys conducted or funded by government agencies all show that youth usage of cigars, *including flavored cigars*, is at historic lows, and youth usage of pipe tobacco is nearly unmeasurable. In fact, youth usage of cigars, including flavored cigars, is at an all-time low both in Oregon and nationwide. The Oregon Youth Tobacco Survey for 2022 showed that current 11th-grade usage of little cigars or cigarillos was 1.1%, in contrast, the 2020 Oregon Youth Tobacco Survey showed that 16.6% of 11th graders currently use alcohol, and 12% currently use marijuana.²

¹ CAA submits these comments solely to address the impropriety of the Proposed Flavor Ban as applied to cigar and pipe tobacco products. CAA does not address herein the propriety of the Proposed Flavor Ban as it would apply to other categories of tobacco products.

²<https://www.oregon.gov/oha/PH/BIRTHDEATHCERTIFICATES/SURVEYS/Documents/SHS/2022/Reports/State%20of%20Oregon%202022.pdf>





Evidence from other localities demonstrates that if a flavor ban is enacted, consumers will purchase products from out of state or through illicit markets. More importantly, studies have shown that flavor bans can increase youth and minority *cigarette* smoking rates. A study done after a flavor ban was instituted in San Francisco, CA found that:

[d]ifference-in-differences analyses found that San Francisco’s flavor ban was associated with more than doubled odds of recent smoking among underage high school students relative to concurrent changes in other districts (adjusted odds ratio, 2.24 [95% CI, 1.42- 3.53]; $P = .001$).³

Additionally, new data analyzing the impact of the Massachusetts statewide flavor restriction found that it *increased* cigarette smoking rates among the adult black female population (“Smoking increased among Black females (58.6%; $P < .001$), remained unchanged among White females (–2.0%; $P = .32$) and other racial groups (25.8%; $P = .17$).”).⁴

SB702 does nothing but restrict the choices of adult tobacco consumers, damage Oregon businesses, and encourage unregulated illicit market sales. Flavored cigars and pipe tobacco are sold through licensed businesses that are vigilant at age verifying purchases of such products. Imposing a prohibition on the legal sale of these products will do nothing but drive adult consumers to purchase these products (i) through an untaxed illicit market; or (ii) in neighboring states.

We have seen this exact situation in Massachusetts after a flavor ban was enacted there in 2020. The data shows that the flavor ban has done little to alter consumer consumption behavior – other than to force Massachusetts consumers to purchase flavored tobacco products in other states.⁵ The Tax Foundation stated this upon analyzing the impact of the Massachusetts flavor ban:

The end result of the ban, in fact, is that Massachusetts is stuck with the societal costs associated with consumption, while the revenue from taxing flavored tobacco products is being raised in neighboring states. In fact, the flavor ban has been far from successful, as sales in both New Hampshire and Rhode Island experienced double-digit growth—almost making up for the entire decrease in Massachusetts.⁶

³ Abigail Friedman, *A Difference-in-Differences Analysis of Youth Smoking and a Ban on Sales of Flavored Tobacco Products in San Francisco, California*, *JAMA Pediatrics* 175:8; 863-865 (2021).

⁴ Asare S, et al. *Association of Comprehensive Menthol Flavor Ban With Current Cigarette Smoking in Massachusetts From 2017 to 2021*, *JAMA Internal Medicine* February 27, 2023. doi:10.1001/jamainternmed.2022.6743

⁵ Bosen, U. *Massachusetts Flavored Tobacco Ban: No Impact on New England Sales*. Tax Foundation (Feb. 3, 2022) <https://taxfoundation.org/massachusetts-flavored-tobacco-ban-sales-jama-study/>

⁶ *Id.*





Additionally, a recent report from the Massachusetts Multi-Agency Illegal Tobacco Task Force stated the following about the increasingly illicit market in Massachusetts since the imposition of the flavor ban:

Based upon the decrease in tobacco excise revenues, the increase in seizures of certain untaxed tobacco products, and discussions with the inspectors and investigators conducting the enforcement actions, the Task Force identifies the cross-border smuggling of untaxed flavored ENDS products, cigars, and menthol cigarettes as the primary challenge for tobacco enforcement in the Commonwealth.⁷

As was demonstrated in Massachusetts, if flavored tobacco products are prohibited, consumers will not stop using them, they will simply stop purchasing them locally or legally. This will hurt the many retailers the committee heard from who are selling legal products only to adults. Not only will it potentially devastate the revenue stream for these businesses, but it will also decimate the state tax collections.

Industry has estimated a flavor ban could potentially cost Oregon approximately \$250 million in excise tax revenue. This figure does not also account for the corresponding sales tax revenue collected from the sales of these products. The Proposed Flavor Ban would eliminate a large amount of this revenue and in the case of cigars potentially up to 47% of the market. Oregon currently ranks 26th in the nation for cigarette smuggling.⁸ Were the Proposed Flavor Ban put into place it would only serve to grow this illicit market, increasing pressure on law enforcement and the communities they police.

In short, SB702 is a solution in search of a problem. It will economically handicap Oregon businesses and tax revenues, with virtually no benefit to public health.

The Cigar Association of America appreciates the committee's consideration and firmly opposes SB702.

Respectfully submitted,
Scott Pearce
President,
Cigar Association of America, Inc
Pipe Tobacco Council, Inc

⁷ Commonwealth of Massachusetts, Report of Multi-Agency Illegal Tobacco Task Force, February 2023 at 8

⁸ Hoffer A., Cigarette Taxes and Cigarette Smuggling by State, 2020. Tax Foundation, (Dec. 6, 2022) <https://taxfoundation.org/cigarette-taxes-cigarette-smuggling-2022/>