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QuickPoint! – Oregon’s new cigarette taxes will hurt, not help, low-income residents

By Rachel Dawson

Oregon couldn’t let a new year commence without the rollout of a new tax increase.

Voters passed Measure 108 last year which increases cigarette and cigar taxes and establishes a new tax on vaping products beginning January 1, 2021.

The measure was approved by 65% of voters, likely because it was painted as an effort to reduce smoking and help low-income Oregonians by directing 90% of funds to the Oregon Health Plan. However, once in practice these new changes will have unintended consequences.

First, the taxes are regressive and will hurt low-income Oregonians. A recent study found that “low socioeconomic status is generally associated with a high prevalence of cigarette smoking.” Smoking prevalence was 41% among men with incomes below the poverty level versus 24% for those with incomes at or above it. It’s absurd that the state is taxing some of the very same people these medical services are supposed to help.

Second, only 10% of raised funds will go to tobacco-use prevention and cessation. It’s clear the purpose of these taxes is to fill a budget hole, not to help tobacco users quit their addiction. The state has created a perverse incentive for itself--the more people smoke, the more money the state brings in. Additionally, e-cigarettes and vaping products, both safer alternatives to cigarettes, will now be taxed. One study found that for every 10% increase in e-cigarette prices, sales dropped by 26%, leading to an increase in traditional cigarette use.

If officials are truly committed to protecting public health by reducing cigarette use, they should allocate a higher percentage of the taxes’ revenue to smoking cessation and prevention programs.

Rachel Dawson is a Policy Analyst at Cascade Policy Institute, Oregon’s free market public policy research center.

