

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Sitting/Acting as (if applicable) Policy Session Worksheet

**Presentation Date:** 10/2/18

**Approx. Start Time:** 1:30pm

**Approx. Length:** 1 hour

**Presentation Title:** Protecting Youth through Tobacco Retail Licensing: Community Outreach and Economic Impact Update

**Department:** Health, Housing & Human Services, Public Health Division

**Presenters:** Laurel Bentley Moses, Dr. Sarah Present

**Other Invitees:** Rich Swift, Dawn Emerick

### **WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

Staff from Health, Housing & Human Services (H3S) are presenting the findings from an economic impact analysis and community outreach related to tobacco retail licensing. The intent is to update the Board of County Commissioners, acting in their dual role as the Board of Health, and request the Board's support to proceed with creating a countywide tobacco retail licensing system. A countywide tobacco retail licensing system will reduce youth access to tobacco and nicotine products by enforcing age restrictions on the purchase of tobacco and nicotine products.

### **EXECUTIVE SUMMARY:**

#### **Previous Policy Session**

On January 30, 2018, staff from H3S presented information to the Board of County Commissioners (BCC) on how they can use their regulatory power as the Board of Health within Clackamas County to implement a tobacco retail license as a method to reduce youth access to tobacco. The BCC directed staff from Public Health to work with Public & Government Affairs (PGA) and the Commissioners' policy advisers to develop and implement a community engagement plan to build and assess community support for tobacco retail licensing.

#### **Tobacco Remains a Major Source of Harm for Clackamas County Residents**

Tobacco use remains the most preventable cause of illness and death in the United States, Oregon, and our county. Nationwide, cigarette smoking is responsible for more than 480,000 premature deaths per year<sup>1</sup>.

#### **Inequities Persist Among Tobacco Users**

Tobacco disproportionately affects lower-income populations, communities of color, people living with mental illness, and the LGBTQI+ community. Neighborhoods that have higher numbers or densities of tobacco retail outlets are more likely to be where more people of color and people experiencing economic hardship live. High densities of tobacco retailers have been linked to increased smoking rates among adults living in the surrounding neighborhoods<sup>2</sup>.

#### **Youth are More Vulnerable to Nicotine**

Tobacco and other nicotine products remain too accessible for youth to use and purchase in Clackamas County. The percent of teens who smoke cigarettes has increased from 2013-2015. In that same time period, the fraction of 11th graders who have used electronic cigarettes has almost doubled. 8th grade use has more than tripled in two years. Overall smoking rates in Clackamas County are higher than the

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<sup>1</sup> US. Department of Health and Human Services (2014). The Health Consequences of Smoking-50 Years of Progress. A Report of the Surgeon General. Accessed at [https://www.cdc.gov/tobacco/data\\_statistics/sgr/50th-anniversary/index.htm](https://www.cdc.gov/tobacco/data_statistics/sgr/50th-anniversary/index.htm)

<sup>2</sup> Public Health Law Center. (2014). Location, location, location: Regulating tobacco retailer locations for public health. Accessed at <http://www.publichealthlawcenter.org/sites/default/files/resources/tclc-guide-regulatingretailer-locations-2014.pdf>

Oregon average for both age groups. Preventing nicotine dependence before it starts can help Clackamas County reduce the burden of tobacco use and associated illnesses and deaths.

### **Clackamas County's Strategy to Reduce Tobacco Burden**

Beginning in January 2018, Oregon increased the state's tobacco and nicotine product possession age to 21 (Tobacco 21). Increasing the age to purchase these products, in combination with stronger local enforcement laws, is part of Clackamas County's comprehensive strategy to prevent youth from using nicotine products and support our communities that bear the highest health burden from tobacco-related illnesses and death. Because of this, Clackamas County is proposing to implement a tobacco retail license where businesses located in the county must obtain a license to sell tobacco and other nicotine products, including electronic cigarettes.

### **A Tobacco Retail License is an Established Best Practice**

Oregon is one of nine states that do not require a license to sell tobacco. A tobacco retail license is an established best practice states, and an increasing number of municipalities use to prevent youth from illegally purchasing nicotine products. A recent assessment of 33 communities in California that implemented a tobacco retail license showed dramatic decreases in illegal sales to youth since passing a tobacco retail license<sup>3</sup>.

### **Implementation and Enforcement**

Local licensing would require retailers to comply with all relevant laws or face penalties that would no longer allow them to sell all tobacco and nicotine-related products. Tobacco retail licensing enables Clackamas County to:

- Identify all retailers selling tobacco and nicotine-related products;
- Educate retailers about laws and regulations; and
- Enforce penalties when retailers illegally sell to minors or violate other laws.

### **FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget? 1Z1 YES DNO

What is the cost? NA

What is the funding source? NA

### **STRATEGIC PLAN ALIGNMENT:**

- How does this item align with your Department's Strategic Business Plan goals?
  - o Sustaining public health and wellness
- How does this item align with the County's Performance Clackamas goals?
  - o Ensure safe, healthy, and secure communities.

**LEGAL/POLICY REQUIREMENTS:** NA

**PUBLIC/GOVERNMENTAL PARTICIPATION:** PGA is an instrumental partner in this project and is providing public engagement and government relations support.

### **OPTIONS:**

For the Board's consideration, options include the following:

1. Support a countywide tobacco retail license as a method to reduce youth access to tobacco and nicotine products and direct Public Health to develop an ordinance with county counsel.

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<sup>3</sup> American Lung Association. (2013). Tobacco retailer licensing is effective. Accessed at <http://center4tobaccopolicy.org/wp-content/uploads/2016/10/Tobacco-Retailer-Licensing-is-Effective-September-2013.pdf>

2. Board selects particular actions in the first option and directs staff as needed.
3. Board directs staff to take different actions.

**RECOMMENDATION:**

Staff respectfully recommends the Board choose option 1.

**ATTACHMENTS:**

- Presentation slides
- Frequently Asked Questions
- Tobacco Retail Licensing: Economic Impact

**SUBMITTED BY:**

Division Director/Head Approval --- :-----t-----  
Department Director/Head Approval .....  
County Administrator Approval\_\_\_\_\_

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For information on this issue or copies of attachments, please contact Dawn Emerick at 503.505.0214

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# Protecting Youth Through Tobacco Retail Licensing- *Update*

Board of County Commissioners

Policy Session

October 2, 2018



# Objectives

- Recap Tobacco Retail Licensing
- Summarize results of economic impact & community engagement
- Propose next steps to move forward with TRL

Health, Housing & Human Services A..

**CLACKAMAS COUNTY**

*Healthy Families. Strong Communities.*



# What is Tobacco Retail Licensing (TRL)?

Health, Housing & Human Services

C L A C K A M A S COUNTY

*Healthy Families. Strong Communities.*

- Requires businesses to purchase a license to sell tobacco & nicotine products
- Retailer education & outreach
- Annual license fee
- Enforcement system
- May include plug-ins (density caps, school buffers)



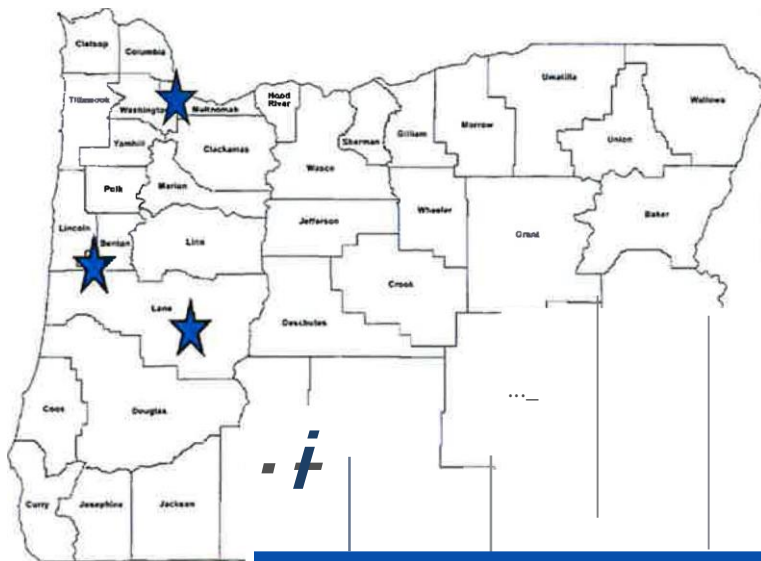
# Why is TRL Important.

- Youth are vulnerable to nicotine
- Inequities persist among tobacco users
- Establish relationships with retailers
- Enforce Tobacco 21 and other tobacco laws
- Decrease illegal tobacco sales to minors

# TRL in Oregon

## Jurisdictions Passed TRL

- Benton County
- Klamath County
- Lane County
- Multnomah County

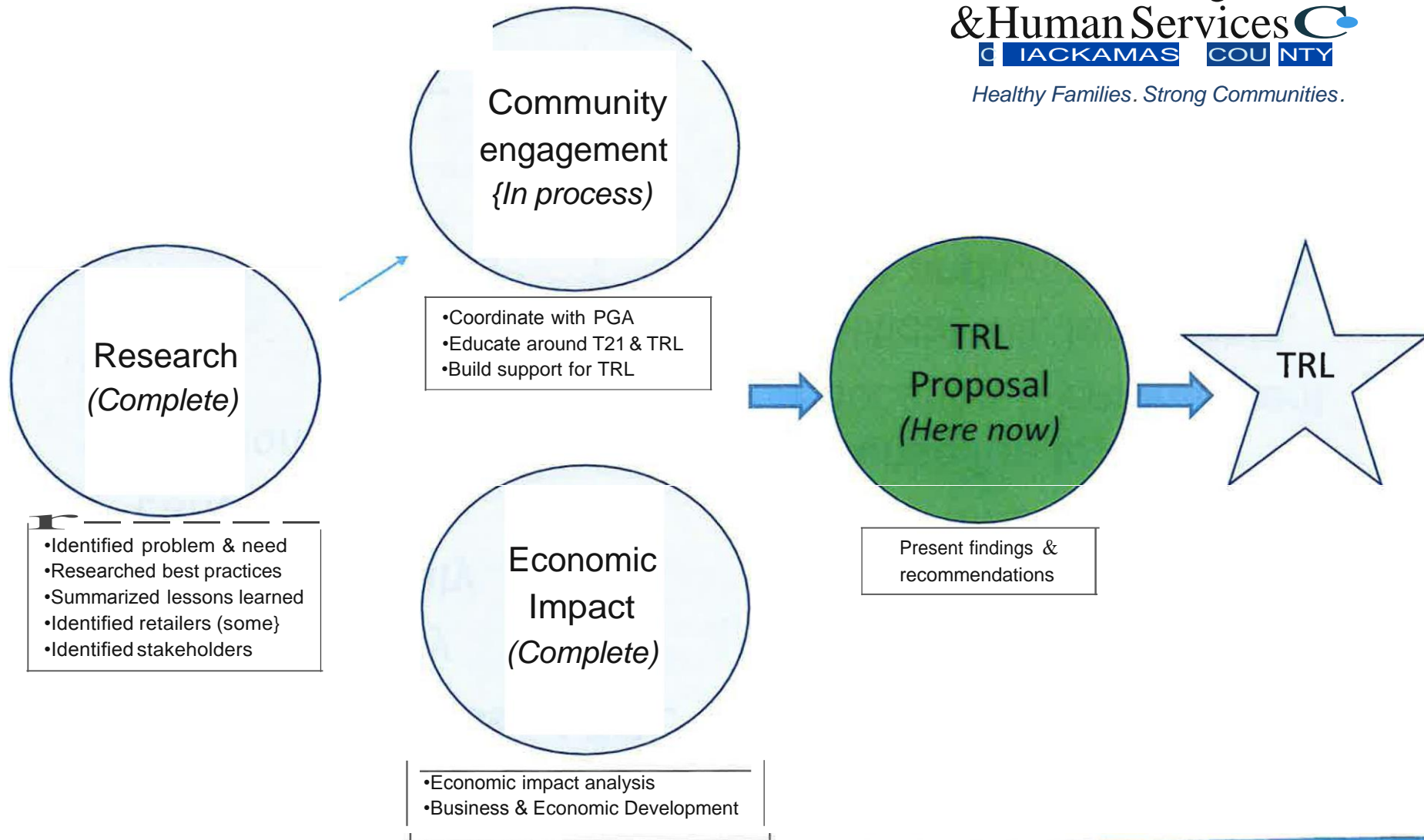


## Lessons Learned

- Most effective county-wide
- Community engagement critical for success
- License fee to cover education & enforcement
- Political will, leadership, PGA and county counsel



# Process to Pass TRL



# Economic Impact

Reduce youth initiation of tobacco use

Reduce youth addiction to tobacco

Reduce life-long tobacco use

Reduce tobacco-related disease & death

Increase productivity & health care savings

## No significant adverse economic impact

|                 | Total         | Reduction  |
|-----------------|---------------|------------|
| Employees (FTE) | 7,127         | -4.12      |
| Labor income    | \$204,899,969 | -\$129,185 |



- Educate stakeholders about Tobacco 21 and TRL
- Garner support for Tobacco Retail Licensing and time, place, manner policies that reduce youth access to tobacco and nicotine products
- Established outreach plan with PGA
- Presented to city councils July- September
- Presenting to chambers of commerce September- October
- School superintendents October 10th

# Timeline

## 2018

- Present TRL ordinance to BCC by December


## 2019

- Facilitate Rules Advisory Committee
- Collect resolutions / IGAs from cities
- Educate tobacco retailers on TRL (ongoing)

## 2020

- Launch TRL January 1, 2020
- Tobacco retailers apply for licenses by June 30, 2020
- Start annual TRL inspections July 2020

## 2021


- Tobacco retailers renew licenses (annually)
  - Start annual Minimum Legal Sales Age (MLSA) Inspections
  - Fines / civil penalties begin
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# Summary / Conclusion

Health, Housing & Human Services A

CLACKAMA COUNTY

*Healthy Families. Strong Communities.*

- TRL decreases sales of tobacco to minors
  - TRL is needed to enforce Tobacco 21
  - City councils support TRL
  - TRL will not adversely effect businesses
  - TRL is a best practice to reduce addiction to nicotine, chronic disease and tobacco-related death
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# Tobacco Retail Licensing: Frequently Asked Questions



Tobacco Retail Licensing (TRL) requires all businesses in the county, including large retailers, convenience stores, gas stations, pharmacies, bars, to purchase a license to sell tobacco and nicotine products, including E-cigarettes. This is a necessary tool to improve enforcement of existing federal, state and local laws such as Tobacco 21.

It is also part of Clackamas County's comprehensive strategy to prevent youth from using nicotine products and end the burden of tobacco-related disease and death.

**Q What does TRL propose to do?**

**A** Is a tool that can be used to improve enforcement of existing federal, state, and local tobacco laws. Tobacco retail licensing enables local jurisdictions to identify retailers, monitor their compliance with these laws, and enforce penalties if tobacco is sold to persons under the age of 21. It provides a platform for retailer education and consequences if tobacco is sold illegally. Penalties, such as fines or suspending retailers' ability to sell tobacco, deter retailers from selling tobacco to youth.

**Q Why focus on tobacco regulation in the retail environment?**

**A** Convenience stores are top sellers of cigarettes nationwide. In Clackamas County, more than half of tobacco retailers are located within 1,000 feet of a school or park, and two thirds of all known retailers advertise tobacco outside. Youth who have more opportunities to obtain tobacco and see more tobacco advertising are more likely to use tobacco and nicotine products due to their susceptibility to marketing and imaging.

**Q How does TRL prevent youth access to tobacco?**

**A** Tobacco retail licensing reduces illegal sales to minors through retailer education and enforcement of laws.

**Q Why is a tobacco retail license separate from other business license requirements?**

**A** Tobacco is a hazardous product that causes disease and death, there are no safe levels of tobacco use. Tobacco retail licensing is the mechanism to identify stores that sell tobacco so they can be informed when laws change and monitored for compliance. A license to sell tobacco and

*"Among e-cigarette users aged 19-24, 40% had never been regular cigarette smokers."*

nicotine products is similar to licenses required to sell alcohol and marijuana.

**Q What is the economic impact of TRL?**

**A** Portland State University's Northwest Economic Research Center determined that a license fee of \$500 – \$600 will not have a significant effect on the Clackamas County economy. A \$500- \$600 fee amounts to \$1.37- \$1.64 per day to sell tobacco and nicotine products. The impact of TRL on store revenue would be minimal as retailers are able to raise tobacco prices to offset the cost of the license.

**Q Why are electronic cigarettes and other vaping products included in this licensing?**

**A** Many youth today are being introduced to nicotine through e-cigarettes rather than conventional cigarettes and tobacco products.ii

A 2015 survey found that among e-cigarette users aged 19-24, 40% had never been regular cigarette smokers. iii Vaping is outpacing conventional cigarettes among youth.

**Q How would tobacco retailers be monitored for compliance with the minimum legal sales age?**

**A** Clackamas County Public Health Division (CCPHD) proposes two inspections per year to ensure compliance with local, state and federal laws. Inspections would include education and penalties for violations.

**Q How effective is TRL in reducing youth access to tobacco?**

**A** Communities across the country, including four counties and a number of cities within Oregon, are implementing TRL to prevent youth from illegally purchasing nicotine products. While it is too soon to see the results in Oregon, a recent assessment of 33 communities in California that implemented a tobacco retail license, showed dramatically decreased rates of illegal youth sales since passing TRL\_iv

**Q What does TRL mean for cities?**

**A** Tobacco retail licensing will reduce youth access to and initiation of tobacco and nicotine products protecting them from a lifetime of addiction and tobacco-related disease, ultimately improving quality of life, increased productivity, and health care savings. Allocating responsibility to the Board of Health to pass TRL shifts the administration and implementation to CCPHD resulting in consistent education and enforcement county-wide .

I. Oregon Health Authority, Tobacco Fact Sheet, 2014

II. E-Cigarette Fact Sheet, Oregon Health Authority, 2016. [http://www.co.lincoln.or.us/sites/default/files/fileattachments/health\\_amp\\_human\\_services/page/585/e-cigfactsheet.pdf](http://www.co.lincoln.or.us/sites/default/files/fileattachments/health_amp_human_services/page/585/e-cigfactsheet.pdf)

III. MMWR via Centers for Disease Control and Prevention, [https://www.cdc.gov/tobacco/basic\\_information/e-cigarettes/index.htm](https://www.cdc.gov/tobacco/basic_information/e-cigarettes/index.htm)

IV. See "Table of youth sales rates before and after the adoption of a strong tobacco retailer licensing ordinance". The American Lung Association in California, 2013. [http://center4tobaccopolicy.org/wp-content/uploads/2016/10/Tobacco-Retailer-Licensing-is-Effective-September-2013 .pdf](http://center4tobaccopolicy.org/wp-content/uploads/2016/10/Tobacco-Retailer-Licensing-is-Effective-September-2013.pdf)

# Tobacco Retail Licensing: Economic Impact

In January 2018, Oregon increased the age to purchase tobacco and nicotine products from age 18 to 21 (Tobacco 21). Tobacco Retail Licensing (TRL) is a policy we can adopt in Clackamas County to enforce laws like Tobacco 21. Combined, TRL and Tobacco 21 are part of Clackamas County's plan to prevent youth from using nicotine and end tobacco-related disease.

TRL requires every business that sells tobacco and nicotine products, like gas stations and grocery stores, to have a license. A license to sell tobacco and nicotine products is similar to the licenses required to sell alcohol and marijuana. Tobacco Retail Licensing is a necessary tool to enforce existing federal, state, and local laws.

Clackamas County Public Health Division asked the Northwest Economic Research Center (NERC) to look at the potential economic impacts of a county-wide TRL to inform decision makers and stakeholders.

## What is the cost of a license? How will the fee be used?

A Tobacco Retail License may cost \$500- \$600 each year. Specifically, the funds will be used to:

- Identify retailers, track compliance with laws, and enforce penalties if tobacco is sold to persons under the age of 21.
- Provide education to retailers and personalized technical assistance about laws and consequences if tobacco is sold illegally.
- Perform twice annual compliance checks.

## How will the fee impact the economy?

Tobacco Retail License fees are not likely to have a big impact on the Clackamas County economy. If implemented, the County may see a total loss of 4.12 full-time jobs out of the 7,127 full-time employees in the impacted industries. Total loss in wages from TRL is estimated to be \$129,185. This is a small fraction of the nearly \$205 million in labor income represented by employees in the impacted industries.

The table below shows the potential loss in full-time equivalent (FTE) employment positions and income (Labor Income) for each jurisdiction within Clackamas County.

| Jurisdiction   | FTE   | Labor Income |
|----------------|-------|--------------|
| Canby          | -0.23 | -\$6,930     |
| Colton         | -0.02 | -\$704       |
| Estacada       | -0.13 | -\$3,601     |
| Gladstone      | -0.10 | -\$3,306     |
| Happy Valley   | -0.12 | -\$3,677     |
| Lake Oswego    | -0.30 | -\$9,869     |
| Milwaukie      | -0.79 | -\$24,737    |
| Molalla        | -0.13 | -\$4,109     |
| Oregon City    | -0.61 | -\$17,556    |
| Oregon Trail   | -0.47 | -\$13,445    |
| West Linn      | -0.24 | -\$6,571     |
| Wilsonville    | -0.22 | \$6,129      |
| Unincorporated | -0.79 | -\$28,551    |
| Total County   | -4.12 | -\$129,185   |



## Not included in the analysis and worth noting



### Dynamic Price Adjustment

Tobacco, like many addictive products, does not see a very big change in demand to any increase in price. Demand only decreases by 0.4% for a 1% increase in price. This means that retailers actually make more money by increasing the price of a product than they would lose from any loss in demand. The annual license fee of \$500-\$600 would cost \$1.37-\$1.64 per day. A small increase in price of tobacco and nicotine products is one way that retailers can offset the cost of a TRL.

### Long Term Health Effects

If stores comply with tobacco rules and regulations, TRL has the potential to improve quality of life for future generations. Tobacco is associated with cancer, respiratory diseases, and cardiovascular diseases which, are known to increase medical costs and decrease quality of life. Additionally, chronic disease and early death caused by tobacco contribute to work absenteeism and decreased economic activity. Using TRL to enforce laws like Tobacco 21, youth will have less access to tobacco products and will smoke less over their lifespan resulting in decreased tobacco-related disease and long-term medical care costs.

### AboutNERC

NERC is based at Portland State University in the College of Urban and Public Affairs. The Center focuses on economic research that supports public-policy decision-making, and relates to issues important to the Pacific Northwest and the Portland Metropolitan Area. NERC serves the public, nonprofit, and private sector with economic analysis.