

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Legislative Revenue Office

Bill Number: HB 2967-A
Revenue Area: Tobacco Tax
Economist: Mazen Malik
Date: 05-31-2007

Measure Description:

Refers tot the voters an Increase of cigarette tax by 84.5 cents per pack, and other tobacco products tax by 30% of wholesale price. Distributes the tax revenues to the Oregon Health Kids Program Fund, Oregon Health plans, Tobacco Use Reduction Account, General Fund, and Local Government. Imposes a floor tax as the new tax on the first day of the calendar month following the implementation date. If approved by the voters, cigarette and tobacco tax increases become effective Jan 1, 2008.

Revenue Impact:

\$	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
State General Fund	\$ 731,902	\$ 81,939	\$ 814,000	\$ 296,000
Health Plan (OHP)	3,282,298	207,111	3,489,409	435,429
TURA	1,616,761	5,483,703	7,100,464	22,788,940
Local Government (Cities)	106,567	64,951	171,518	127,127
Local Government (Counties)	106,567	64,951	171,518	127,127
Local Government (Transit)	106,567	64,951	171,518	127,127
Rural Health Programs	458,878	1,681,843	2,140,722	3,181,672
Kids Safety Net	1,198,518	4,392,709	5,591,227	8,310,025
Healthy Kids Program	28,531,970	104,573,034	133,105,004	197,828,841
Total	\$36,140,029	116,615,191	\$152,755,379	\$233,222,289

Impact Explanation:

The hold harmless distribution takes 6.5% of the new cigarette money and distributes it using the 58-cent formula. Then 13% will distributed according to the adjusted 60-cent formula. The (80.5%) amounts are distributed Then the remaining go to Healthy Kids Fund at 94.827%, and 5.173% to Tobacco Reduction (TURA) in 2007-09. That distribution changes after June-2009 to 90% to healthy kids programs, and 10% to the (TURA). Out of the Healthy Kids Fund, two other distributions occur at 1.52% to Rural Health care, and 3.97% to Kids Safety Net.

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