

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	SB 571-A
Revenue Area:	Tobacco Tax
Economist:	Mazen Malik
Date:	04/11/2007

Measure Description:

Expands definitions of “enclosed area,” “place of employment,” and public place” for purposes of smoking restrictions. Prohibits smoking within 25 feet of certain public places. Narrows exceptions to requirement that employer provide smoke-free workplace. Enhances fine against employer for failing to provide smoke-free workplace. Repeals existing exemptions of smoke free places.

Revenue Impact:

(\$ Millions)	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
General Fund	(\$5.50)	(\$6.73)	(\$12.23)	(\$18.70)
Health Plan	(\$16.76)	(\$20.50)	(\$37.26)	(\$56.98)
TURA (reduction)	(\$0.75)	(\$0.92)	(\$1.67)	(\$2.55)
City/County & Transit	(\$1.25)	(\$1.52)	(\$2.77)	(\$4.23)
Total Tobacco Taxes	(\$24.26)	(\$29.67)	(\$53.93)	(\$82.47)

Reductions in OLCC and Lottery revenues are probable but not included in these estimates.

Impact Explanation:

Taxes are levied on each cigarette and as a percent of wholesale price of other tobacco products. Measure 44 of 1996 brought the cigarette tax rate to 58 cents per pack. With the passage of Measure 20 of 2002, the permanent tax rate on cigarettes became \$1.18 and the other tobacco products tax rate is 65% of wholesale price. A temporary tax of 10¢ on cigarettes that has existed since 1993, dedicated to the Oregon Health Plan, was voted down along with measure 30 in 2004. Cigarette taxes are distributed in the following way: 22 cents is distributed to the General Fund (18.64%), the Health Plan gets 85.7 cents (72.66%), 3.4 cents went to the tobacco cessation programs (2.9%), and 2.3 cents (1.93%) each to cities, counties, and to ODOT for senior and disabled transit. Distributions within cities and counties are based on population. The Other Tobacco Products tax is distributed to the General Fund (53.85%), the Health Plan (41.54%), and tobacco cessation programs (4.62%).

When the state of Washington instituted its smoking restriction with its price tax increase, the tobacco taxes in Oregon started increasing again. This increase is interpreted as increase in sales as well as an increase of smokers (from Clark County) smoking in Oregon establishments.

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Many will assume drinking and playing lottery as well. The restrictions in Oregon will send much of this business somewhere else.