

**REVENUE:** May have revenue impact, statement not yet issued

**FISCAL:** Fiscal statement issued

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue
<b>Vote:</b>	4 - 3 - 0
<b>Yeas:</b>	Buckley, Read, Tomei, Beyer
<b>Nays:</b>	Butler, Gilman, Smith G.
<b>Exc.:</b>	0
<b>Prepared By:</b>	Judith Callens, Administrator
<b>Meeting Dates:</b>	2/28, 3/19, 3/26

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**WHAT THE MEASURE DOES:** Increases cigarette tax by one mill per cigarette. Continuously appropriates moneys from the increase and modifies distribution as follows: 84.28% to Oregon Department of Transportation for elderly and disabled transportation services, 0.45% to cities, 0.45% to counties, 0.45% to Tobacco Use Reduction Account, 11.44% to Oregon Health Plan Fund, and 2.93% to the General Fund. Applies to cigarette distributions starting the first day of the month following the effective date. Specifies distributor reporting requirements.

**ISSUES DISCUSSED:**

- Transportation needs of elderly and disabled persons
- Current distribution of cigarette tax revenues
- Revenues raised by increase
- Tobacco distributor reporting requirements
- Diversifying base to fund elderly and disabled transportation services

**EFFECT OF COMMITTEE AMENDMENT:** Replaces original measure.

**BACKGROUND:** Under ORS 323.455, moneys received by the Department of Revenue from cigarette taxes are distributed as follows: 89.65% to the General Fund, 3.45% to cities, 3.45% to counties and 3.45% to the Department of Transportation for elderly and disabled transportation services. HB 2422A increases the cigarette tax by one mill per cigarette and modifies distribution of collected revenues. The Legislative Revenue Office estimates that a one mill tax per cigarette will generate approximately \$6.7 million in additional revenue per biennium.