

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	4 - 0 - 1
Yeas:	Ferrioli, Kruse, Monnes Anderson, Brown
Nays:	0
Exc.:	Avakian
Prepared By:	Marjorie Taylor, Administrator
Meeting Dates:	6/6

WHAT THE MEASURE DOES: Provides that manufacturer of roll-your-own tobacco must make escrow payments in same manner as manufacturers of cigarettes for purpose of providing source for payment of certain judgments and settlements on claims against manufacturer.

ISSUES DISCUSSED:

- Tax stamps
- Parity with other tobacco products
- Master Settlement Agreement model statute

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: A lawsuit by 46 states against four tobacco companies resulted in a 1998 Master Settlement Agreement (MSA). The settling companies agreed to make payments to the states in perpetuity, based on domestic cigarette consumption. Actual payments are determined annually based on numerous adjustments and conditions. Oregon receives 1.15 percent of these payments. In 2000, Ballot Measure 89 and Ballot Measure 4 dedicated payments under the MSA to the Health Security Fund to be used for specific purposes.

Provisions of HB 3454 represent an adjustment of the enforcement terms of the MSA.