

REVENUE: May have revenue impact, statement not yet issued

FISCAL: Fiscal statement issued

Action:	Without recommendation as to passage and Be Referred to the Committees on Revenue and Ways and Means by Prior Reference
Vote:	8 - 0 - 2
Yeas:	Bruun, Cannon, Dembrow, Garrett, Kotek, Maurer, Thompson, Greenlick
Nays:	0
Exc.:	Harker, Kennemer
Prepared By:	Roxie Cuellar, Administrator
Meeting Dates:	2/20, 2/25, 4/22

WHAT THE MEASURE DOES: Increases tax on cigarettes and other tobacco products. Distributes tax revenues from the increases. Applies the cigarette and tobacco product tax increases on or after January 1, 2010, or the first day of the calendar month following the effective date of this Act. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Current data relating to tobacco taxes and smoking rates
- Recent decline in smoking associated with smoking bans and increased cigarette tax
- Small cigars and roll-you-own tobacco increases
- Health impacts of smoking

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon Legislature first imposed an excise tax on cigarettes at four cents per pack effective July 1966. Revenue was distributed to the counties (50 percent) to reduce property taxes, and to cities and counties (25 percent each). The legislature increased the permanent rate to 9 cents in 1971, to 27 cents in 1985, and to 28 cents in 1989. Ballot Measure 44 in 1996 increased the permanent rate to 58 cents. Ballot Measure 20 in 2002 increased the permanent rate to \$1.18. A temporary rate of seven cents was passed during the 1981 and 1982 Special Legislative Sessions and was allowed to sunset. A temporary rate of ten cents was passed in 1993 with a July 1995 sunset. The sunset was extended each legislative session until 2004. Measure 30, which failed to pass in the 2004 Special Election, included the rate renewal. This meant the ten-cent temporary rate elapsed on the last day of 2003. Ballot Measure 50 of 2007, which attempted to increase the tax to \$2.025, did not pass.