

75TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE

MEASURE: HB 2672A
CARRIER:

REVENUE: Yes - Revenue Impact Issued

FISCAL: _ Yes- Fiscal Impact

Subsequent referral to Ways and Means

Action: Do Pass with Amendments and be printed A-Eng. And be referred to Ways and Means by prior Reference

Vote: 10-0-0

Yeas: Bailey, Bents, Berger, Bruun, Gelser, Kahl, Read, Riley, Sprenger, Barnhart

Nays: 0

Exc.: 0

Prepared By: Mazen Malik, Economist

Meeting Dates: 04/13

WHAT THE BILL DOES: Increases tax on moist snuff to \$1.78 an ounce, and \$2.14 minimum for any can. Requires tobacco companies who did not enter into the Smokeless Tobacco Master Settlement Agreement to become participants in the agreement or place amounts (\$0.4 per can) similar to those required by the agreement into an escrow. Requires tobacco companies make regular reports to the attorney general about required information including information about the presence of an agent, eligibility to do business, maintenance of necessary accounts required by the state, and products manufactured and marketed. Prohibits the sale of unreported products and provides for penalties for non-compliance. Appropriates funds for enforcement; appropriates revenue for shaken baby prevention and child abuse examinations.

ISSUES DISCUSSED:

- Moist snuff sales and stores.
- Impact on kids and the effect on their use. The “cool” aspect.
- Market share and competition between brands. Tiers 1,2, and 3 and their sales.
- Revenue impact and the change in the tax.
- Reduction in use and the substitution affect.

EFFECT OF COMMITTEE AMENDMENTS:

Sets up an adjustment process “indexing” starting 2019. Adds \$.40 to the MSA escrow account. Adds restrictions on free samples to MSA. Establishes the tax rate at \$1.78 per ounce, and a minimum of \$2.14 per can.

BACKGROUND:

The measure changes the way by which moist snuff is taxed. The current method of taxing moist snuff is the same as the rest of the Other Tobacco Products (OTP), which is 65% of the wholesale price. For moist snuff the method of taxation will change to a weight based (per ounce) tax. The amount of the weight-based tax and resulting revenue are determined with the help of the amendments and the floor of tax rate. However, the bill directs funds to health and wellness (shaken baby prevention and child abuse examinations) programs and enforcement of tobacco related regulations.

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