

# House Bill 2018

Sponsored by COMMITTEE ON HEALTH CARE

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Department of Revenue to tax distribution of cigarettes at rate that will produce revenue equal to cost to state in lost productivity and increased demand for health care attributable to cigarette smoking.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to cigarette tax; creating new provisions; amending ORS 323.030 and 323.031; and pre-  
3 scribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2009 Act is added to and made a part of ORS 323.005 to**  
6 **323.482.**

7 **SECTION 2. (1) No later than December 1 of each year, the Department of Revenue shall**  
8 **determine the yearly costs to this state of the loss in workforce productivity and increased**  
9 **demand for health care attributable to cigarette smoking.**

10 **(2) For purposes of ORS 323.030 and 323.031, the department shall establish a rate of**  
11 **taxation for the distribution of cigarettes that will produce, over a 12-month period, total**  
12 **revenue equal to the costs determined under subsection (1) of this section. The rate shall**  
13 **be applied to cigarette distributions occurring on or after January 1 of the following year and**  
14 **to cigarettes in the possession of or under the control of a dealer at 12:01 a.m. on January**  
15 **1 of the following year.**

16 **(3) The rate of taxation established by the department pursuant to subsection (2) of this**  
17 **section may not exceed 393 mills for the distribution of each cigarette.**

18 **(4) All agencies of state government, as defined in ORS 174.111, are directed to assist the**  
19 **department in the determination of the costs attributable to cigarette smoking and, to the**  
20 **extent permitted by laws relating to confidentiality, to furnish such information and advice**  
21 **as the department considers necessary to its determination under subsection (1) of this**  
22 **section.**

23 **SECTION 3. ORS 323.030 is amended to read:**

24 323.030. (1) Every distributor shall pay a tax upon distributions of cigarettes at [*the rate of 29*  
25 *mills for the distribution of each cigarette in this state.*] **a rate equal to 49 percent of the rate es-**  
26 **tablished in section 2 of this 2009 Act.**

27 **(2) The taxes imposed by ORS 323.005 to 323.482 are in lieu of all other state, county or mu-**  
28 **nicipal taxes on the sale or use of cigarettes.**

29 **(3) Any cigarette with respect to which a tax has been prepaid under ORS 323.068 or has oth-**  
30 **erwise once been imposed under ORS 323.005 to 323.482 is not subject upon a subsequent distrib-**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1    ution to the taxes imposed by ORS 323.005 to 323.482.

2        **SECTION 4.** ORS 323.031 is amended to read:

3        323.031. (1) Notwithstanding ORS 323.030 (2) and in addition to and not in lieu of any other tax,  
4    every distributor shall pay a tax upon distributions of cigarettes at [*the rate of 30 mills for the dis-*  
5    *tribution of each cigarette in this state.*] **a rate equal to 51 percent of the rate established in**  
6    **section 2 of this 2009 Act.**

7        (2) Any cigarette for which a tax has once been imposed under ORS 323.005 to 323.482 may not  
8    be subject upon a subsequent distribution to the taxes imposed by ORS 323.005 to 323.482.

9        **SECTION 5.** **This 2009 Act takes effect on the 91st day after the date on which the reg-**  
10   **ular session of the Seventy-fifth Legislative Assembly adjourns sine die.**

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