

House Bill 3406

Sponsored by COMMITTEE ON REVENUE

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**.

Phases in cigarette tax increases through January 1, 2016, totalling 19 cents per pack. Credits new cigarette tax revenues to transportation services for elderly and disabled.

First applies increase to cigarettes distributed on or after January 1, 2010, and to existing inventories of cigarettes not yet acquired by consumers as of January 1, 2010.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to cigarette taxes; appropriating money; prescribing an effective date; and providing for
3 revenue raising that requires approval by a three-fifths majority.

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

5 **SECTION 1. (1) Notwithstanding ORS 323.030 (2) and 323.031 (1), in addition to and not in**
6 **lieu of any other tax imposed under ORS 323.005 to 323.482, every distributor shall pay a tax**
7 **upon distributions of cigarettes at the rate of 3.5 mills for the distribution of each cigarette**
8 **in this state.**

9 (2) Any cigarette with respect to which a tax has been prepaid under ORS 323.068 or has
10 otherwise once been imposed under ORS 323.005 to 323.482 is not subject upon a subsequent
11 distribution to the taxes imposed by ORS 323.005 to 323.482.

12 (3) This section applies to distributions of cigarettes occurring on or after January 1,
13 2010, and before January 1, 2012.

14 **SECTION 2. (1) Notwithstanding ORS 323.030 (2) and 323.031 (1), in addition to and not in**
15 **lieu of any other tax imposed under ORS 323.005 to 323.482, every distributor shall pay a tax**
16 **upon distributions of cigarettes at the rate of 5.5 mills for the distribution of each cigarette**
17 **in this state.**

18 (2) Any cigarette with respect to which a tax has been prepaid under ORS 323.068 or has
19 otherwise once been imposed under ORS 323.005 to 323.482 is not subject upon a subsequent
20 distribution to the taxes imposed by ORS 323.005 to 323.482.

21 (3) This section applies to distributions of cigarettes occurring on or after January 1,
22 2012, and before January 1, 2014.

23 **SECTION 3. (1) Notwithstanding ORS 323.030 (2) and 323.031 (1), in addition to and not in**
24 **lieu of any other tax imposed under ORS 323.005 to 323.482, every distributor shall pay a tax**
25 **upon distributions of cigarettes at the rate of 8.5 mills for the distribution of each cigarette**
26 **in this state.**

27 (2) Any cigarette with respect to which a tax has been prepaid under ORS 323.068 or has
28 otherwise once been imposed under ORS 323.005 to 323.482 is not subject upon a subsequent
29 distribution to the taxes imposed by ORS 323.005 to 323.482.

30 (3) This section applies to distributions of cigarettes occurring on or after January 1,

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 2014, and before January 1, 2016.

2 **SECTION 4.** (1) Notwithstanding ORS 323.030 (2) and 323.031 (1), in addition to and not in
 3 lieu of any other tax imposed under ORS 323.005 to 323.482, every distributor shall pay a tax
 4 upon distributions of cigarettes at the rate of 9.5 mills for the distribution of each cigarette
 5 in this state.

6 (2) Any cigarette with respect to which a tax has been prepaid under ORS 323.068 or has
 7 otherwise once been imposed under ORS 323.005 to 323.482 is not subject upon a subsequent
 8 distribution to the taxes imposed by ORS 323.005 to 323.482.

9 (3) This section applies to distributions of cigarettes occurring on or after January 1,
 10 2016.

11 **SECTION 5.** All moneys received by the Department of Revenue from the taxes imposed
 12 by sections 1 to 4 of this 2009 Act shall be paid over to the State Treasurer to be held in a
 13 suspense account established under ORS 293.445. After the payment of refunds, the balance
 14 shall be credited to the General Fund and continuously appropriated to the Department of
 15 Transportation for the purpose of financing and improving transportation services for elderly
 16 individuals and individuals with disabilities as provided in ORS 391.800 to 391.830.

17 **SECTION 6.** (1) Notwithstanding ORS 323.030 (3), in addition to and not in lieu of any
 18 other tax, for the privilege of holding or storing cigarettes for sale, use or consumption, a
 19 floor tax is imposed upon every dealer at the rate of:

20 (a) Three and one-half mills for each cigarette in the possession of or under the control
 21 of the dealer in this state at 12:01 a.m. on January 1, 2010.

22 (b) Two mills for each cigarette in the possession of or under the control of the dealer
 23 in this state at 12:01 a.m. on January 1, 2012.

24 (c) Two mills for each cigarette in the possession of or under the control of the dealer
 25 in this state at 12:01 a.m. on January 1, 2014.

26 (d) Two mills for each cigarette in the possession of or under the control of the dealer
 27 in this state at 12:01 a.m. on January 1, 2016.

28 (2) The tax imposed by this section is due and payable within 20 days of each date listed
 29 in subsection (1) of this section. Any amount of tax that is not paid within the time specified
 30 shall bear interest at the rate established under ORS 305.220 per month, or fraction of a
 31 month, from the date on which the tax is due to be paid, until paid.

32 (3) Within 20 days of each date listed in subsection (1) of this section, every dealer must
 33 file a report with the Department of Revenue in such form as the department may prescribe.
 34 The report must state the number of cigarettes in the possession of or under the control of
 35 the dealer in this state at 12:01 a.m. on each date listed in subsection (1) of this section, and
 36 the amount of tax due. Each report must be accompanied by a remittance payable to the
 37 department for the amount of tax due.

38 **SECTION 7.** (1) Notwithstanding ORS 323.030 (3), in addition to and not in lieu of any
 39 other tax, for the privilege of distributing cigarettes as a distributor and for holding or
 40 storing cigarettes for sale, use or consumption, a floor tax and cigarette adjustment indicia
 41 tax is imposed upon every distributor in the amount of 87.5 cents for each Oregon cigarette
 42 tax stamp bearing the designation "25," in the amount of 70 cents for each Oregon cigarette
 43 tax stamp bearing the designation "20" and in the amount of 35 cents for each Oregon ciga-
 44 rette tax stamp bearing the designation "10," that is affixed to any package of cigarettes in
 45 the possession of or under the control of the distributor at 12:01 a.m. on January 1, 2010.

1 (2) In addition to and not in lieu of any other tax, for the privilege of distributing ciga-
2 rettes as a distributor and for holding or storing cigarettes for sale, use or consumption, a
3 floor tax and cigarette adjustment indicia tax is imposed upon every distributor in the
4 amount of 50 cents for each Oregon cigarette tax stamp bearing the designation "25," in the
5 amount of 40 cents for each Oregon cigarette tax stamp bearing the designation "20" and in
6 the amount of 20 cents for each Oregon cigarette tax stamp bearing the designation "10,"
7 that is affixed to any package of cigarettes in the possession of or under the control of the
8 distributor at 12:01 a.m. on January 1, 2012.

9 (3) In addition to and not in lieu of any other tax, for the privilege of distributing ciga-
10 rettes as a distributor and for holding or storing cigarettes for sale, use or consumption, a
11 floor tax and cigarette adjustment indicia tax is imposed upon every distributor in the
12 amount of 50 cents for each Oregon cigarette tax stamp bearing the designation "25," in the
13 amount of 40 cents for each Oregon cigarette tax stamp bearing the designation "20" and in
14 the amount of 20 cents for each Oregon cigarette tax stamp bearing the designation "10,"
15 that is affixed to any package of cigarettes in the possession of or under the control of the
16 distributor at 12:01 a.m. on January 1, 2014.

17 (4) In addition to and not in lieu of any other tax, for the privilege of distributing ciga-
18 rettes as a distributor and for holding or storing cigarettes for sale, use or consumption, a
19 floor tax and cigarette adjustment indicia tax is imposed upon every distributor in the
20 amount of 50 cents for each Oregon cigarette tax stamp bearing the designation "25," in the
21 amount of 40 cents for each Oregon cigarette tax stamp bearing the designation "20" and in
22 the amount of 20 cents for each Oregon cigarette tax stamp bearing the designation "10,"
23 that is affixed to any package of cigarettes in the possession of or under the control of the
24 distributor at 12:01 a.m. on January 1, 2016.

25 **SECTION 8.** (1) Every distributor must take an inventory as of 12:01 a.m. on each date
26 listed in section 7 of this 2009 Act, of all packages of cigarettes to which are affixed Oregon
27 cigarette tax stamps and of all unaffixed Oregon cigarette tax stamps in the possession of
28 or under the control of the distributor.

29 (2) Every distributor must file a report with the Department of Revenue within 20 days
30 of each date listed in section 7 of this 2009 Act, in such form as the department may pre-
31 scribe, showing:

32 (a) The number of Oregon cigarette tax stamps, with the designations of the stamps, that
33 were affixed to packages of cigarettes in the possession of or under the control of the dis-
34 tributor at 12:01 a.m. on that date; and

35 (b) The number of unaffixed Oregon cigarette tax stamps, with the designations of the
36 stamps, that were in the possession of or under the control of the distributor at 12:01 a.m.
37 on that date.

38 (3) The amount of tax required to be paid with respect to the affixed Oregon cigarette
39 tax stamps shall be computed pursuant to section 7 of this 2009 Act and remitted with the
40 distributor's report. Any amount of tax that is not paid within the time specified for the
41 filing of the report shall bear interest at the rate established under ORS 305.220 per month,
42 or fraction of a month, from the due date of the report until paid.

43 **SECTION 9.** All moneys received by the Department of Revenue from the taxes imposed
44 by sections 6 and 7 of this 2009 Act shall be paid over to the State Treasurer to be held in
45 a suspense account established under ORS 293.445. After the payment of refunds, the balance

1 shall be credited to the General Fund and continuously appropriated to the Department of
2 Transportation for the purpose of financing and improving transportation services for elderly
3 individuals and individuals with disabilities as provided in ORS 391.800 to 391.830.

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

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