

Cigarette Tax, Other Tobacco Tax and Distribution

A. Cigarette Tax - Rates and Distribution

	Current Law		HB 2110		HB 2533		HB 2231
	(As of 3/24/2011)						
GF	\$0.220	18.6%	\$0.228	10.6%	\$0.564	15.7%	Not Specified
Cities	\$0.023	1.9%	\$0.024	1.1%	\$0.061	1.7%	
Counties	\$0.023	1.9%	\$0.024	1.1%	\$0.061	1.7%	
ODOT	\$0.023	1.9%	\$0.024	1.1%	\$0.061	1.7%	
TURA	\$0.034	2.9%	\$0.236	11.0%	\$0.081	2.3%	
OHP	\$0.857	72.7%	\$1.614	75.1%	\$2.773	77.0%	
Total	\$1.180	100.0%	\$2.150	100.0%	\$3.600	100.0%	\$2.180
(per pack of 20)							

B. Other Tobacco Products - Rates and Distribution

	Current Law		HB 2110	HB 2533	HB 2231
GF	53.84%		No Change	No Change	No change
OHP	41.54%				
TURA	4.62%				
Total	100%				

Current Law tax rate

- (1) per cigar, 65% of wholesale price, but not to exceed 50 cents.
- (2) \$1.78 cents per ounce on moist snuff, but minimum \$2.14 per container
- (3) 65% percent of wholesale price on all other tobacco products.

HB 2110 tax rate

- (1) per cigar, **120.25%** of wholesale price, but not to exceed 50 cents.
- (2) **\$3.29** cents per ounce on moist snuff, but minimum **\$3.96** per container
- (3) **120.25%** percent of wholesale price on all other tobacco products.

HB 2533, HB 2231

No change from current law

State Cigarette Excise Tax Rates
As of January 1, 2011 (Dollars Per 20-Pack)

State	Tax Rate (a)	Rank
Ala.	\$0.425	46
Alaska	\$2.00	11
Ariz.	\$2.00	11
Ark.	\$1.15	28
Calif.	\$0.87	32
Colo.	\$0.84	33
Conn.	\$3.00	4
Del.	\$1.60	20
Fla.	\$1.339	25
Ga.	\$0.37	47
Hawaii (b)	\$3.00	4
Idaho	\$0.57	41
Ill.	\$0.98	31
Ind.	\$0.995	30
Iowa	\$1.36	24
Kans.	\$0.79	35
Ky.	\$0.80	39
La.	\$0.36	48
Maine	\$2.00	11
Md.	\$2.00	11
Mass.	\$2.51	8
Mich.	\$2.00	11
Minn.	\$2.46	9
Miss.	\$0.68	36
Mo.	\$0.17	50
Mont.	\$1.70	17
Nebr.	\$0.64	37
Nev.	\$0.80	34
N.H.	\$1.78	16
N.J.	\$2.70	6
N.M.	\$1.66	19
N.Y.	\$4.35	1
N.C.	\$0.45	44
N.D.	\$0.44	45
Ohio	\$1.25	26
Okla.	\$1.03	29
Ore.	\$1.18	27
Pa.	\$1.60	20
R.I.	\$3.46	2
S.C.	\$0.57	41
S.D.	\$1.53	22
Tenn.	\$0.62	38
Tex.	\$1.41	23
Utah	\$1.70	17
Vt.	\$2.24	10
Va.	\$0.30	49
Wash.	\$3.025	3
W.Va.	\$0.55	43
Wis.	\$2.52	7
Wyo.	\$0.60	39
DC	\$2.50	

(a) The federal excise tax of \$1.0066 per pack and local taxes are not included.

(b) Hawaii's cigarette excise tax will increase to \$3.20 on July 1, 2011

Source: Tax Foundation; Orzechowski & Walker, Tax Burden on Tobacco; state revenue departments.

OTHER TOBACCO PRODUCTS TAX

(January 1, 2010)

State	Tax Rate/Base (1)	State	Tax Rate/Base (1)
Alabama		Michigan	32% Wholesale Price
Cigars (2)	3.0¢-40.5¢/ 10 cigars	Minnesota	70% Wholesale Price
Tobacco/Snuff	1¢-8¢/ ounce	Mississippi	15% Manufactures Price
Alaska	75% Wholesale Price	Missouri	10% Manufactures Price
Arizona		Montana	50% Wholesale Price
Cigars (2)	44.1¢-\$2.60/20 cigars	Nebraska	20% Wholesale Price
Tobacco/Snuff	23.8¢/ounce	Nevada	30% Wholesale Price
Arkansas	68% Manufactures Price	New Hampshire	48.59% Wholesale Price
California (3)	41.11% Wholesale Price	New Jersey	30% Wholesale Price
Colorado	40% Manufactures Price	New Mexico	25% Product value
Connecticut (5)	27.5% Wholesale Price	New York	46% Wholesale Price
Delaware	15% Wholesale Price	North Carolina	12.8% Wholesale Price
Florida (7)		North Dakota	
Tobacco/Snuff	85% Wholesale Price	Cigars & Tobacco	28% Wholesale Price
Georgia		Chew Tobacco/Snuff	16¢-60¢ ounce
Little Cigars	2.5¢/10 cigars	Ohio	17% Wholesale Price
Other Cigars	23% Wholesale Price	Oklahoma	
Tobacco	10% Wholesale Price	Cigars (2)	36¢-120¢/ 10 cigars
Hawaii	40% Wholesale Price	Tobacco/Snuff	60%-80% factory list price
Cigars	50% Wholesale Price	Oregon	65% Wholesale Price
Tobacco/Snuff	70% Wholesale Price	Rhode Island	80% Wholesale Price
Idaho	40% Wholesale Price	South Carolina	5% Manufactures Price
Illinois	18% Wholesale Price	South Dakota	35% Wholesale Price
Indiana	24% Wholesale Price	Tennessee	6.6% Wholesale Price
Iowa (6)	50% Wholesale Price	Texas	
Kansas	10% Wholesale Price	Cigars (2)	1.0¢-15.0¢/10 cigars
Kentucky	15.0% Wholesale Price	Tobacco/Snuff	\$1.10 /ounce
Louisiana		Utah	35% Manufactures Price
Cigars	8%-20% Manufacture Price	Virginia	10% Wholesale Price
Tobacco/Snuff	20%-33% Manufactures Price	Vermont (6)	92% Manufactures Price
Maine		Washington	75% Wholesale Price
Chewing Tob./Snuff	78% Wholesale Price	West Virginia	7% Wholesale Price
Smoking Tob./Cigars	20% Wholesale Price	Wisconsin	71% Manufactures Price
Maryland	15% Wholesale Price	Wyoming (4)	20% Wholesale Price
Massachusetts			
Smokeless Tob.	90% Wholesale Price		
Smoking Tob./Cigars	30% Wholesale Price		

Source: Compiled by FTA from various sources.

(1) The volume based tax rates were converted to cents per 10 cigars or per ounce for consistency.

(2) Tax rate on cigars varies, based on the selling price.

(3) Tax rate is adjusted annually by the state, effective July 1st each year.

(4) or 10% of retail price.

(5) Snuff tobacco taxed at 40 cents per ounce.

(6) Little cigars are taxed as cigarettes.

(7) Includes a 60% surtax.

Table B.6 Cigarette and Tobacco Tax Distribution

	Cigarette Tax Distribution										Other Tobacco Tax Distribution			
	Tobacco Use Reduction				Cities, Counties & Public Transit ³			Tobacco Use Reduction			Health Plan ⁴ (Measure 44)	Tobacco Use Reduction Account ⁴	State Total	
	State GF (22 cents) ¹	Health Plan (Measure 44) (87 cents) ¹	Account (3 cents) ²	State Total	State Total	Public Transit ³	Total	State GF	Health Plan ⁴ (Measure 44)	Tobacco Use Reduction Account ⁴	State Total			
Gross Receipts														
2007-08	41,012	162,823	6,495	210,329	12,989	223,318	17,253	13,326	1,482	32,061				
2008-09	39,870	155,231	6,192	201,293	12,384	213,676	17,247	13,309	1,480	32,036				
2007-09 Biennium	80,882	318,053	12,687	411,622	25,373	438,995	34,501	26,634	2,962	64,097				
Net Distributions*														
2007-08	40,664	161,442	6,440	208,546	12,879	221,425	16,817	12,988	1,445	31,250				
2008-09	39,517	153,855	6,137	199,509	12,274	211,783	16,811	12,971	1,443	31,225				
2007-09 Biennium	80,181	315,298	12,577	408,056	25,153	433,208	33,628	25,960	2,887	62,475				
Distribution Forecast*														
2009-10	37,517	146,676	5,851	190,043	11,701	201,745	19,956	15,532	1,727	37,215				
2010-11	39,260	153,005	6,103	198,368	12,206	210,574	27,793	21,443	2,385	51,621				
2009-11 Biennium	76,776	299,681	11,954	388,412	23,907	412,319	47,749	36,975	4,112	88,336				
2011-12	38,540	150,202	5,991	194,734	11,983	206,717	28,327	21,855	2,431	52,613				
2012-13	37,871	146,814	5,856	190,341	11,712	202,053	29,360	22,653	2,519	54,532				
2011-13 Biennium	76,211	297,016	11,847	385,075	23,695	408,770	57,687	44,508	4,950	107,145				
2013-14	36,828	143,528	5,725	186,081	11,450	197,531	30,457	23,499	2,614	56,570				
2014-15	35,764	139,381	5,560	180,704	11,119	191,823	31,398	24,225	2,694	58,317				
2013-15 Biennium	72,591	282,909	11,285	366,785	22,569	389,354	61,855	47,724	5,308	114,887				
2015-16	34,545	134,630	5,370	174,544	10,740	185,285	32,460	25,044	2,785	60,290				
2016-17	33,233	129,519	5,166	167,918	10,332	178,250	33,543	25,880	2,878	62,301				
2015-17 Biennium	67,778	264,148	10,536	342,462	21,073	363,535	66,003	50,924	5,684	122,591				

* "Net Distributions" receipts net of Tobacco Tax Fee expense of \$5.08 million for 2007-09 biennium. These expenses are not determined for future biennia, and thus are not incorporated into the forecast.
 1. The 1997 Legislature specified that the temporary 10 cent tax be counted as other funds starting July 1, 1997. As a result the Health Plan received 37 cents per pack as of July 1, 1997. The 10 cent tax has expired on January 1, 2004.
 2. Voters approved 60 cents per pack tax increase dedicated to the Health Plan, effective November 1, 2002.
 3. Cities, Counties and Public Transit each receive revenue from a 3 cents per pack tax effective February 1, 1997.
 4. Measure 44 increased the other tobacco taxes from 36% to 85% of the wholesale price, effective February 1, 1997. House Bill 3433, enacted by the 2001 Legislature, limits this tax to 50 cents per cigar. The Health Plan receives 41.541% of the revenue from the other tobacco tax collections. The TURA receives 4.62% of collections. The remainder goes to the General Fund.

Note: Tobacco Settlement Payment Forecast (\$millions)
 Source: Bear Stearns

Year	2007	2008	2009
Amount	75.1	97.4	96.9