

77TH OREGON LEGISLATIVE ASSEMBLY  
2013 REGULAR SESSION  
STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE

MEASURE: HB 2870 - A  
CARRIER: Rep. Barnhart

REVENUE: Revenue Impact Statement Issued  
FISCAL: Fiscal Impact Issued

---

**Action:** Do Pass as Amended and be Printed Engrossed  
**Vote:** 5-4  
**Yeas:** Bailey, Read, Speaker Kotek, Vega Pederson, Barnhart  
**Nays:** Bentz, Berger, Conger, Davis  
**Exc.:** 0

**Prepared By:** Dae Baek, Economist  
**Meeting Dates:** 3/15, 4/2

---

**WHAT THE BILL DOES:** Removes prohibition against the imposition of cigarette and tobacco taxes by a county. Sets limits on cigarette and tobacco tax rates that can be imposed by a county. Requires that at least 40 percent of revenue collected from taxes on cigarettes and tobacco products be used for public health programs and services for tobacco use prevention and cessation, and mental health and addiction services or programs. Takes effect on the 91st day after adjournment sine die.

**ISSUES DISCUSSED:**

- Fiscal challenges faced by counties and local control of revenue decisions
- Regressive nature of cigarette taxes
- Administrative issues
- Cross-border effects and smuggling potential in purchase of cigarettes and other tobacco products, and potential loss of state revenue
- Requirement that at least 20 percent of the revenue be used for public health programs or services

**EFFECT OF COMMITTEE AMENDMENTS:** Sets limits on cigarette and tobacco tax rates that can be imposed by a county. Requires that at least 40 percent of revenue collected from taxes on cigarettes and tobacco products be used for public health programs and services for tobacco use prevention and cessation, and mental health and addiction services or programs.

**BACKGROUND:** Current law specifies that the existing taxes on cigarettes and tobacco products are in lieu of all other state, county or municipal taxes on the sale or use of cigarettes and tobacco products (ORS 323.030 and ORS 323.640).