

# House Bill 2275

Sponsored by Representative GREENLICK; Representative DEMBROW, Senator STEINER HAYWARD (Presession filed.)

## 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**.

Increases cigarette tax. Applies increase to cigarettes distributed on or after January 1, 2014, and to existing inventories of cigarettes not yet acquired by consumers as of January 1, 2014. Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to cigarettes taxes; creating new provisions; amending ORS 323.031 and 323.457; prescribing  
3 an effective date; and providing for revenue raising that requires approval by a three-fifths ma-  
4 jority.

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

6 **SECTION 1.** ORS 323.031 is amended to read:

7 323.031. (1) Notwithstanding ORS 323.030 (2) and in addition to and not in lieu of any other tax,  
8 every distributor shall pay a tax upon distributions of cigarettes at the rate of [30] **80** mills for the  
9 distribution of each cigarette in this state.

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

12 **SECTION 2.** ORS 323.457 is amended to read:

13 323.457. (1) Moneys received under ORS 323.031 shall be paid over to the State Treasurer to be  
14 held in a suspense account established under ORS 293.445. After the payment of refunds:

15 (a) [29.37/30] \_\_\_\_/80 of the moneys shall be credited to the Oregon Health Plan Fund estab-  
16 lished under ORS 414.109;

17 (b) [0.14/30] \_\_\_\_/80 of the moneys are continuously appropriated to the Oregon Department of  
18 Administrative Services for distribution to the cities of this state;

19 (c) [0.14/30] \_\_\_\_/80 of the moneys are continuously appropriated to the Oregon Department of  
20 Administrative Services for distribution to the counties of this state;

21 (d) [0.14/30] \_\_\_\_/80 of the moneys are continuously appropriated to the Department of Trans-  
22 portation to be distributed and transferred to the Elderly and Disabled Special Transportation Fund  
23 established under ORS 391.800; and

24 (e) [0.21/30] \_\_\_\_/80 of the moneys shall be credited to the Tobacco Use Reduction Account es-  
25 tablished under ORS 431.832.

26 (2)(a) Moneys distributed to cities and counties under this section shall be distributed to each  
27 city or county using the proportions used for distributions made under ORS 323.455.

28 (b) Moneys shall be distributed to cities, counties and the Elderly and Disabled Special Trans-  
29 portation Fund at the same time moneys are distributed to cities, counties and the Elderly and  
30 Disabled Special Transportation Fund under ORS 323.455.

**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       **SECTION 3.** (1) In addition to and not in lieu of any other tax, for the privilege of holding  
2 or storing cigarettes for sale, use or consumption, a floor tax is imposed upon every dealer  
3 at the rate of 50 mills for each cigarette in the possession of or under the control of the  
4 dealer in this state at 12:01 a.m. on January 1, 2014.

5       (2) The tax imposed by this section is due and payable on or before January 20, 2014. Any  
6 amount of tax that is not paid within the time required shall bear interest at the rate es-  
7 tablished under ORS 305.220 per month, or fraction of a month, from the date on which the  
8 tax is due to be paid, until paid.

9       (3) By January 20, 2014, every dealer must file a report with the Department of Revenue  
10 in such form as the department may prescribe. The report must state the number of ciga-  
11 rettes in the possession of or under the control of the dealer in this state at 12:01 a.m. on  
12 January 1, 2014, and the amount of tax due. Each report must be accompanied by a remit-  
13 tance payable to the department for the amount of tax due.

14       (4) As used in this section, “dealer” has the meaning given that term in ORS 323.010.

15       **SECTION 4.** Notwithstanding ORS 323.030 (3), for the privilege of distributing cigarettes  
16 as a distributor, as defined in ORS 323.015, and for holding or storing cigarettes for sale, use  
17 or consumption, a floor tax and cigarette adjustment indicia tax is imposed upon every dis-  
18 tributor in the amount of \$1.25 for each Oregon cigarette tax stamp bearing the designation  
19 “25,” in the amount of \$1 for each Oregon cigarette tax stamp bearing the designation “20”  
20 and in the amount of 50 cents for each Oregon cigarette tax stamp bearing the designation  
21 “10,” that is affixed to any package of cigarettes in the possession of or under the control  
22 of the distributor at 12:01 a.m. on January 1, 2014.

23       **SECTION 5.** (1) Every distributor as defined in ORS 323.015 must take an inventory as  
24 of 12:01 a.m. on January 1, 2014, of all packages of cigarettes to which are affixed Oregon  
25 cigarette tax stamps and of all unaffixed Oregon cigarette tax stamps in the possession of  
26 or under the control of the distributor.

27       (2) Every distributor must file a report with the Department of Revenue by January 20,  
28 2014, in such form as the department may prescribe, showing:

29       (a) The number of Oregon cigarette tax stamps, with the designations of the stamps, that  
30 were affixed to packages of cigarettes in the possession of or under the control of the dis-  
31 tributor at 12:01 a.m. on January 1, 2014; and

32       (b) The number of unaffixed Oregon cigarette tax stamps, with the designations of the  
33 stamps, that were in the possession of or under the control of the distributor at 12:01 a.m.  
34 on January 1, 2014.

35       (3) The amount of tax required to be paid with respect to the affixed Oregon cigarette  
36 tax stamps shall be computed pursuant to section 4 of this 2013 Act and remitted with the  
37 distributor’s report. Any amount of tax not paid within the time specified for the filing of  
38 the report shall bear interest at the rate established under ORS 305.220 per month, or frac-  
39 tion of a month, from the due date of the report until paid.

40       **SECTION 6.** All moneys received by the Department of Revenue from the taxes imposed  
41 by sections 3 and 4 of this 2013 Act shall be paid over to the State Treasurer to be held in  
42 a suspense account established under ORS 293.445. After payment of refunds, the balance  
43 shall be credited to the General Fund.

44       **SECTION 7.** The amendments to ORS 323.031 and 323.457 by sections 1 and 2 of this 2013  
45 Act apply to cigarette tax reporting periods beginning on or after January 1, 2014.

1        **SECTION 8.** This 2013 Act takes effect on the 91st day after the date on which the 2013  
2 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.  
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