

PRELIMINARY

77TH OREGON LEGISLATIVE ASSEMBLY
2014 REGULAR SESSION
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

MEASURE: HB 4129
CARRIER:

REVENUE:
FISCAL:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Vijay A Satyal, Economist

Meeting Dates: 02/11/2014

WHAT THE BILL DOES: Increases tax rates on cigarettes and tobacco products. Creates a definition for vapor products to include electronic cigarettes and nicotine solution in the definition of tobacco products for purpose of tax. Directs revenues from the increased taxes to be distributed by Oregon Healthy Authority to provide preventive services and innovative, nontraditional health services, including mental health services and treatment for substance use disorders.

ISSUES DISCUSSED:

- Differentiation of vapor products from tobacco products.
- Regressivity of the tax if imposed.
- Request to committee to impose the taxes and also request to defer taxes till electronic cigarette industry matures.

EFFECT OF COMMITTEE AMENDMENTS:

BACKGROUND:

Cigarette taxes: HB 3601A of the 2013 special session increased cigarette taxes by 13¢ on January 1, 2014 (for total of \$1.31), 14¢ by 2016 (for a total of \$1.32), and 15¢ by 2018 (for a total of \$1.33).

Tobacco taxes: With the passage of Measure 20 (in 2002), the permanent tax rate on Other Tobacco Products (OTP) tax rate was set at 65% of wholesale price. However, the OTP tax is capped at 50¢ per cigar. The 2009 session introduced a tax by weight on noncombustible tobacco, a \$1.78 tax per ounce (with a minimum of \$2.14 per container of moist snuff).

State Capitol Building
900 Court St NE, Room 143
Salem, OR 97301-1347

Phone: 503-986-1266
Fax: 503-986-1770
<http://www.leg.state.or.us>