

PRELIMINARY STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: May have fiscal impact, but no statement yet issued

Revenue: May have revenue impact, but no statement yet issued

Action Date:

Action:

Meeting Dates:

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WHAT THE MEASURE DOES:

Expands definition of tobacco products for purpose of taxation to include vapor products. Defines vapor product as electronic device designed to heat nicotine solutions and other solutions for the purpose of producing a vapor to be inhaled by user of the device, or a nicotine solution in any form to be used with an electronic device as described. Applies to distributions of tobacco products occurring on or after January 1, 2016.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Other Tobacco Products (OTP) tax is applied slightly differently depending upon the product. Moist snuff is taxed at \$1.78 per ounce with a minimum tax of \$2.14 per retail container. Cigars are taxed at 65% of their wholesale sales price but the tax is capped at \$0.50 per individual cigar. All other tobacco products not taxed as moist snuff or cigars are taxed at 65% of their wholesale sales price. Distributions of revenues from the Other Tobacco Products tax are:

General Fund: 53.84%

OR Health Plan: 41.54%

TURA: 4.62%