

**REVENUE IMPACT OF
PROPOSED LEGISLATION
Seventy-Eighth Oregon Legislative
Assembly
2015 Regular Session
Legislative Revenue Office**

**Bill Number: SB 415 - A6
Revenue Area: Tobacco Taxes
Economist: Kyle Easton
Date: 6/2/2015**

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Measure Description:

Prohibits distributing, selling or allowing to be sold certain flavored noncombustible tobacco products in Oregon. Prohibited flavored tobacco products are those that have been manufactured to impart a characterizing flavor other than tobacco, menthol, mint, wintergreen or a combination of those four. Includes tobacco products not complying with flavor prohibition in definition of "Contraband tobacco products".

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
General Fund	(0.3)	(0.4)	(0.7)	(0.8)	(0.9)
OR Health Plan	(0.2)	(0.3)	(0.5)	(0.6)	(0.7)
TURA	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)
Total Revenue Change	(0.5)	(0.7)	(1.3)	(1.5)	(1.6)

Impact Explanation:

The measure as amended would prohibit noncombustible tobacco products with distinguishable flavorings other than tobacco, menthol, mint or wintergreen, or a combination of the four. Examples of noncombustible products affected by prohibition include: moist snuff, dry snuff, chewing tobacco, snus, and dissolvables. Market share of noncombustible tobacco products containing flavorings that would be prohibited under measure as amended represents roughly five percent of overall noncombustible market. Flavor prohibition is expected to have three primary results which are reflected in the revenue impact: behavioral shifts in demand by mature and relatively new users of tobacco products, less consumption of tobacco products by mature tobacco users and reduced or eliminated consumption by younger consumers.

Revenue from tax on other tobacco products is distributed as follows:

- General Fund – 53.84%
- OR Health Plan – 41.54%
- Tobacco Use Reduction Account – 4.62%

Creates, Extends, or Expands Tax Expenditure: Yes No