

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

**Bill Number: SB 415 - A
Revenue Area: Tobacco Tax
Economist: Kyle Easton
Date: 3/31/2015**

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

Measure Description:

Prohibits distributing, selling or allowing to be sold flavored tobacco products in Oregon. Defines "flavored tobacco product" as tobacco product, or component of tobacco product manufactured to impart characterizing flavor. Defines "characterizing flavor" as distinguishable taste or aroma other than tobacco or menthol.

Revenue Impact (in \$Millions):

This statement is solely issued to facilitate the referral of this measure to the Senate Finance and Revenue Committee.

Impact Explanation:

Revenue from the taxation of other tobacco products (OTP) is expected to be about \$115 million in the 2015-17 biennium, 53.84% of which (about \$60 million) would be dedicated to the general fund.

Flavored tobacco products as defined in the measure comprise a significant portion of the product line of OTP. Depending upon the OTP product, the percentage of product line that is flavored can vary from little in the case of hand rolled large cigars, roughly half the product line for moist snuff and machine rolled cigars, to most of the product line for shisha, or hookah tobacco. The revenue impact of prohibiting the sale of flavored tobacco products will depend upon the number of current consumers that choose to not continue to consume any, or consume at a lesser rate, taxed tobacco products. A decreased number of new consumers of tobacco products would affect revenue streams in the short-term, and to a greater extent in the long-term as fewer consumers of tobacco products would exist overall.

A subsequent referral of this measure to the Senate Finance and Revenue Committee is expected. A more complete revenue impact statement will be developed at that time.

Further Analysis Required

Creates, Extends, or Expands Tax Expenditure: Yes No