

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
78th Oregon Legislative Assembly  
2016 Regular Session  
Legislative Revenue Office

**Bill Number: SB 1559 - B**  
**Revenue Area: Cigarette / Tobacco Taxes**  
**Economist: Kyle Easton**  
**Date: 2/25/2016**

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

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SB 1559 requires retailers of tobacco and inhalant delivery system products to be licensed to sell the products in Oregon. Any potential impact upon revenues derived from cigarette and other tobacco products is predicated upon potential changes in consumption of said products resulting from the licensure requirements contained in the measure.

The primary way in which the measure is expected to impact consumption of taxed products is the annual licensing fee and ability to revoke or suspend licenses.

The licensing fee is initially limited to \$300. The fee limitation is repealed on February 1, 2017. The measure requires the fee to be reasonably calculated not to exceed the costs associated with administering the licensure program, conducting inspections and providing education and outreach. Initial fiscal estimates would suggest a licensing fee in the \$300 range. Assuming retailers pass along the fee in the form of higher prices for cigarette and other tobacco products, a minimal reduction in consumption would be expected. It is expected that the cost of the licensing fee would cause some small volume retailers to discontinue selling cigarette and/or other tobacco products. As these are small volume retailers, impact upon revenue is expected to be minimal. Increases in the license fee, depending upon the amount of the increase, could cause larger reductions in revenue.

The retailer location limitations contained in Section 5 of the measure are expected to have a minimal impact upon revenue.

**This office has reviewed the proposed legislation and determined that it has**

## **Minimal Revenue Impact**

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