

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
79th Oregon Legislative Assembly
2017 Regular Session
Legislative Revenue Office

Bill Number: SB 754
Revenue Area: Cigarette/Oth. Tobacco
Economist: Kyle Easton
Date: 2/16/2017

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

Measure Description:

Effective January 1, 2018, creates offense of selling tobacco products or inhalant delivery systems to person under 21 years of age and raises minimum age at which person may purchase or possess tobacco products or inhalant delivery systems.

Revenue Impact (in \$Millions):

	Revenue Change by Distribution (\$'s in Millions)				
	Fiscal Year		Biennium		
	2017-18	2018-19	2017-19	2019-21	2021-23
Oregon Health Plan:	-\$0.27	-\$0.76	-\$1.03	-\$2.28	-\$3.18
General Fund:	-\$0.11	-\$0.33	-\$0.44	-\$1.02	-\$1.48
OHA Mental Health:	-\$0.04	-\$0.11	-\$0.15	-\$0.33	-\$0.44
TURA:	-\$0.01	-\$0.04	-\$0.05	-\$0.12	-\$0.17
Cities:	-\$0.01	-\$0.02	-\$0.03	-\$0.05	-\$0.07
Counties:	-\$0.01	-\$0.02	-\$0.03	-\$0.05	-\$0.07
DOT Elderly Trans:	-\$0.01	-\$0.02	-\$0.03	-\$0.05	-\$0.07
Total Revenue Change:	-\$0.46	-\$1.30	-\$1.76	-\$3.90	-\$5.48

Impact Explanation:

Increasing the minimum age at which persons may purchase or possess tobacco products (cigarettes and other tobacco products) from 18 to 21 is expected to decrease excise tax revenue associated with taxed tobacco products. Two primary effects cause the decrease in revenue. Raising the minimum age from 18 to 21 is expected to reduce taxed consumption for persons that prior to the change, would meet the minimum age requirements to purchase and possess tobacco products and individuals under the age of 18. A second effect is the expected decrease in overall consumption of taxed products from persons that, due to the increased minimum age requirement, never begin, or begin at a later age, the consumption of tobacco products.

Reductions in revenue were estimated based upon expected reduced consumption patterns of age cohorts most affected by the minimum age requirement change. Increasing the minimum age to 21 is expected to decrease the number of persons who become regular consumers of tobacco products. In later years, as the overall proportion of the population affected by the minimum age change increases, a greater reduction in tax receipts is expected. Revenue impact estimate reflects the baseline forecast's expectation of continued decreases in per capita consumption of tobacco products.

Creates, Extends, or Expands Tax Expenditure: Yes No

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