

**HB 2158 STAFF MEASURE SUMMARY**

**House Committee On Health Care**

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**Prepared By:** Oliver Droppers, LPRO Analyst  
**Sub-Referral To:** House Committee On Revenue  
**Meeting Dates:** 2/5

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**WHAT THE MEASURE DOES:**

Removes limitation on cigar tax.

*REVENUE: Revenue impact statement issued.*

*FISCAL: Fiscal impact statement issued.*

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

According to the Legislative Revenue Office, Oregon imposes taxes, referred to as an excise tax, on the distribution of all tobacco products in Oregon (e.g., cigarettes, cigars, snuff). The first tobacco excise tax was passed in 1966 – a \$.04 tax per pack on cigarettes. Taxes are levied on each cigarette and as a percent of wholesale price of other tobacco products. Currently, Oregon taxes cigars at 65 percent of their wholesale sales price with the tax capped at \$0.50 per individual cigar (ORS 323.505). Approximately 15% of tax revenue generated from “other tobacco products” comes from cigars.

In Oregon, a percentage of revenue from tobacco taxes is used to fund the state’s Medicaid program (Oregon Health Plan).

House Bill 2158 removes the existing tax limitation on cigars.