

Taxes on Cigarette and Other Tobacco Products: Current Rates and Distributions

March 20, 2019

House Committee on Revenue

Taxes on Cigarette and Other Tobacco Products (OTP)

1. Cigarette Tax

- Current rates
- Distribution
- Comparison to other states

2. Other Tobacco Products Tax

- Current rates on
 - Cigars
 - Moist snuff
 - All other – not cigars or moist snuff
- Distribution
- Comparison to other states

1. Cigarette Tax - Cigarette Tax (1)

	<u>Dollars*</u>	<u>Mills**</u>
Distribution in ORS 323.455		
<u>ORS 323.030(1)</u>	\$ 0.58	29
General Fund:	\$ 0.22	11.0000
Oregon Health Plan:	\$ 0.27	13.4984
TURA:	\$ 0.03	1.5001
Cities:	\$ 0.02	1.0005
Counties:	\$ 0.02	1.0005
DOT Elderly Trans:	\$ 0.02	1.0005

*Dollars per pack
of 20 cigarettes
**Mills per
cigarette

Cigarette Tax (2)

Dollars

Mills

Distribution in ORS 323.455

<u>ORS 323.030(4)</u>	\$	0.15	7.5
General Fund:	\$	-	
Oregon Health Plan:	\$	-	
TURA:	\$	-	
OHA Mental Health:	\$	0.15	7.5

Cigarette Tax (3)

Dollars

Mills

Distribution in ORS 323.457

ORS 323.031	\$	0.60	30
Oregon Health Plan:	\$	0.587	29.37
TURA:	\$	0.004	0.21
Cities:	\$	0.003	0.14
Counties:	\$	0.003	0.14
DOT Elderly Trans:	\$	0.003	0.14

Cigarette Tax Combined

	Dollars	Mills	
Overall	\$ 1.330	66.5	% of Total
Oregon Health Plan*:	\$ 0.857	\$ 42.87	64.464%
General Fund:	\$ 0.220	\$ 11.00	16.541%
OHA Mental Health:	\$ 0.150	\$ 7.50	11.278%
TURA:	\$ 0.034	\$ 1.71	2.572%
Cities:	\$ 0.023	\$ 1.14	1.715%
Counties:	\$ 0.023	\$ 1.14	1.715%
DOT Elderly Trans:	\$ 0.023	\$ 1.14	1.715%

Cigarette Tax Distribution Forecast (2019 1Q)

TABLE B.6 Cigarette & Tobacco Tax Distribution (Millions of \$)							
	Cigarette Tax Distribution*						
	General Fund	Health Plan	Tobacco Use Reduction	Mental Health	State Total	Cities, Counties & Public Transit	Total
<u>Distribution Forecast*</u>							
2015-16	36.214	138.247	5.609	18.950	199.020	10.926	209.946
2016-17	34.266	136.682	5.452	22.318	198.718	10.904	209.622
2015-17 Biennium	70.480	274.929	11.061	41.268	397.738	21.830	419.568
2017-18	33.743	131.369	5.240	22.124	192.476	10.480	202.956
2018-19	32.844	128.001	5.106	22.393	188.343	10.211	198.555
2017-19 Biennium	66.586	259.370	10.346	44.517	380.819	20.691	401.511
2019-20	32.954	128.431	5.123	22.469	188.977	10.246	199.223
2020-21	32.755	127.654	5.092	22.333	187.833	10.184	198.017
2019-21 Biennium	65.709	256.085	10.215	44.801	376.810	20.429	397.240
2021-22	32.571	126.937	5.063	22.207	186.778	10.127	196.904
2022-23	32.381	126.198	5.034	22.078	185.691	10.068	195.759
2021-23 Biennium	64.952	253.135	10.097	44.285	372.469	20.194	392.663

Source: OEA

State Excise Tax on Cigarettes (as of 1/1/2019)

- <https://www.taxadmin.org/assets/docs/Research/Rates/cigarette.pdf>
- Oregon: \$1.33 per pack of 20
- California: \$2.87 per pack of 20 (state and local sales taxes extra)
- Washington: \$3.025 per pack of 20 (state and local sales taxes extra)

2. Other Tobacco Products (OTP) Tax

OTP Tax Rates and Distribution (Tobacco Products Tax, ORS 323.500 to 323.645)

		Tax Rate
ORS 323.505	2(a) Cigars	65% of wholesale price of cigar Capped at 50 cents
	2(b) Moist Snuff	\$1.78 per ounce \$2.14 minimum (floor) per retail container
	2(c) All other (not cigars or moist snuff)	65% of whole sale price
		Distribution
ORS 323.625	GF	53.84%
	Oregon Health Plan	41.54%
	TURA	4.62%

OTP Tax Distribution Forecast (2019 1Q)

TABLE B.6		March 2019		
Cigarette & Tobacco Tax Distribution (Millions of \$)				
Other Tobacco Tax Distribution				
Tobacco Use				
	General Fund	Health Plan	Reduction	State Total
<u>Distribution Forecast*</u>				
2015-16	30.983	23.905	2.659	57.547
2016-17	31.379	24.734	2.751	58.864
2015-17 Biennium	62.362	48.639	5.410	116.411
2017-18	32.424	25.384	2.823	60.632
2018-19	32.608	25.158	2.798	60.564
2017-19 Biennium	65.032	50.543	5.621	121.196
2019-20	33.812	26.088	2.901	62.802
2020-21	34.391	26.534	2.951	63.876
2019-21 Biennium	68.203	52.622	5.853	126.678
2021-22	34.981	26.989	3.002	64.971
2022-23	35.716	27.557	3.065	66.338
2021-23 Biennium	70.697	54.546	6.066	131.309

Source: OEA

State Excise Taxes on OTP (as of 1/1/2019)

- <https://www.taxadmin.org/assets/docs/Research/Rates/otp.pdf>
- Oregon: 65% of OTP wholesale price, with cap (cigar) or floor (moist snuff)
- California: 62.78% of OTP wholesale price (state and local sales taxes extra)
- Washington: 95% of wholesale price, with cap (cigar) or floor (moist snuff); little cigars subject to cigarette tax rate (state and local sales taxes extra)

[https://dor.wa.gov/sites/default/files/legacy/Docs/Reports/2016/Tax Reference 2016/TRM 39TobaccoProducts.pdf](https://dor.wa.gov/sites/default/files/legacy/Docs/Reports/2016/Tax%20Reference%202016/TRM%2039TobaccoProducts.pdf)

A Note on E-Cigarettes

- <https://publichealthlawcenter.org/topics/tobacco-control/e-cigarettes>
- Oregon: <https://publichealthlawcenter.org/resources/us-e-cigarette-regulations-50-state-review/or>
- California: <https://publichealthlawcenter.org/resources/us-e-cigarette-regulations-50-state-review/ca>
- Washington: <https://publichealthlawcenter.org/resources/us-e-cigarette-regulations-50-state-review/wa>