

## **HB 2270 A**

### **Section by Section**

Page 1

**Section 1:** Increases the cigarette tax rate by 100 mills per cigarette (or \$2 per pack of 20 cigarettes)

**Section 2:** For section 3

Pages 1-2

**Section 3:** After expenses and refunds, dedicates taxes from the additional cigarette tax rate to state's medical assistance program including mental health services (90%), and various programs addressing tobacco and nicotine use related health issues (10%). Together with next Section 4, amends expense payment provisions in cigarette tax administration and enforcement.

Pages 2-3

**Section 4:** Together with Section 3, amends expense payment provisions in cigarette tax administration and enforcement. Under current law, admin and enforcement expenses are paid out of 58 cent portion in cigarette tax. Under this measure, 60.61 percent of total admin and enforcement cost will be borne by revenue coming from the additional \$2 tax. The rest of expenses will be paid by 58 cent portion.

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**Section 5:** Updates obsolete language - fund name change in 2009 when there was an overhaul of healthcare delivery system.

Pages 3-4

**Section 6:** Includes little cigars in the definition of cigarettes. Under current law, little cigars are treated as other tobacco products.

Pages 4-5

**Section 7:** For a dealer, prescribes a floor tax (inventory tax), reporting requirement, and installment payment plan of floor taxes.

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**Sections 8-9:** For a distributor, prescribes a floor tax and cigarette adjustment indicia tax, reporting requirement, and installment payment plan of floor taxes.

Pages 5-6

**Section 10:** Dedicates floor taxes from Sections 7-9 to Oregon Health Authority Fund.

Pages 6-7

**Section 11:** Adds to statutes the definition of inhalant delivery system (or E-cigarettes and vaping products) for the purpose of taxing the systems as (other) tobacco products. Lists items excluded from the definition of inhalant delivery system, including certain marijuana related delivery systems.

Pages 7-8

**Section 12:** Imposes tax on inhalant delivery systems. Removes the 50-cent cap on cigars. Under this measure, cigars will be taxed at 65% of wholesale price with no cap. Explicitly excludes from tobacco products taxation, marijuana related inhalant delivery systems.

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**Section 13:** Specifies that the taxes from inhalant delivery systems are not subject to current other tobacco tax distribution formula.

Pages 8-9

**Section 14:** After refunds or credits of erroneous overpayments, dedicates taxes from inhalant delivery systems to state's medical assistance program including mental health services (90%), and various programs addressing tobacco and nicotine use related health issues (10%).

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**Section 15:** Stipulates that the taxation on inhalant delivery system is not subject to local preemption.

Pages 9-10

**Section 16:** The section is to comply with Oregon Indoor Clean Air Act and various regulations. Makes the sale of cigarettes in packages with fewer than 20 cigarettes illegal. Makes the sale of cigars illegal unless the wholesale price of the individual cigar exceeds \$3, or the cigars are sold in a package containing at least four cigars and the wholesale price of the package exceeds \$12.

Page 10

**Section 17:** Applies to cigarette tax and tobacco products tax reporting periods beginning on or after January 1, 2021.

Pages 10-11

**Sections 18 - 21:** Allows DOR and OHA to disclose certain, otherwise confidential, cigarette tax and other tobacco tax related information to each other for regulation and compliance purpose.

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**Section 22:** Submits this act to the people for approval or rejection at the next general election.