

# House Bill 2158

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Removes per cigar limitation on cigar tax.

Applies to tobacco products tax reporting periods beginning on or after January 1, 2020.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to taxation of cigars; creating new provisions; amending ORS 323.505; and prescribing an  
3 effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 323.505 is amended to read:

6 323.505. (1) A tax is hereby imposed upon the distribution of all tobacco products in this state.

7 The tax imposed by this section is intended to be a direct tax on the consumer, for which payment  
8 upon distribution is required to achieve convenience and facility in the collection and administration  
9 of the tax. The tax shall be imposed on a distributor at the time the distributor distributes tobacco  
10 products.

11 (2) The tax imposed under this section shall be imposed at the rate of:

12 [*(a) Sixty-five percent of the wholesale sales price of cigars, but not to exceed 50 cents per cigar;*]

13 [*(b)*] **(a)** One dollar and seventy-eight cents per ounce based on the net weight determined by  
14 the manufacturer, in the case of moist snuff, except that the minimum tax under this paragraph is  
15 \$2.14 per retail container; or

16 [*(c)*] **(b)** Sixty-five percent of the wholesale sales price of all tobacco products that are not [*ci-*  
17 *gars or*] moist snuff.

18 (3) For reporting periods beginning on or after July 1, 2022, the rates of tax applicable to moist  
19 snuff under subsection [(2)(b)] **(2)(a)** of this section shall be adjusted for each biennium according  
20 to the cost-of-living adjustment for the calendar year. The Department of Revenue shall recompute  
21 the rates for each biennium by adding to the rates in subsection [(2)(b)] **(2)(a)** of this section the  
22 product obtained by multiplying the rates in subsection [(2)(b)] **(2)(a)** of this section by a factor that  
23 is equal to 0.25 multiplied by the percentage (if any) by which the monthly averaged U.S. City Av-  
24 erage Consumer Price Index for the 12 consecutive months ending August 31 of the prior calendar  
25 year exceeds the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive  
26 months ending August 31, 2020.

27 (4) If the tax imposed under this section does not equal an amount calculable to a whole cent,  
28 the tax shall be equal to the next higher whole cent. However, the amount remitted to the Depart-  
29 ment of Revenue by the taxpayer for each quarter shall be equal only to 98.5 percent of the total  
30 taxes due and payable by the taxpayer for the quarter.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (5) No tobacco product shall be subject to the tax if the base product or other intermediate form  
2 thereof has previously been taxed under this section.

3 **SECTION 2. The amendments to ORS 323.505 by section 1 of this 2019 Act apply to to-**  
4 **bacco products tax reporting periods beginning on or after January 1, 2020.**

5 **SECTION 3. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
6 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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