

HB 2158 STAFF MEASURE SUMMARY

House Committee On Health Care

Action Date: 02/05/19

Action: Without recommendation as to passage, refer to Revenue by prior reference.

Vote: 11-0-0-0

Yeas: 11 - Alonso Leon, Boles, Drazan, Greenlick, Hayden, Keny-Guyer, Mitchell, Noble, Nosse, Prusak, Salinas

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Oliver Droppers, LPRO Analyst

Meeting Dates: 2/5

WHAT THE MEASURE DOES:

Removes limitation on cigar tax.

ISSUES DISCUSSED:

- Purpose of moving the measure to the House Committee on Revenue

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 percentage of the wholesale price of other tobacco products. Cigars are included among "other tobacco products." Currently, Oregon taxes cigars at 65 percent of their wholesale price, capped at \$.50 per individual cigar. Approximately 15 percent 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.