

Background

The Department of Revenue administers Oregon's cigarette and tobacco taxes imposed on the distribution of these products in the state. The department currently issues licenses to those distributors of tobacco products. Under current law, retailers of tobacco products are not required to be licensed if they purchase "tax-paid" products from licensed Oregon distributors. There are nearly 4,000 retailers of tobacco products in the state.

Senate Bill 587

The bill requires retailers of tobacco products in the state to apply for and receive a license to sell tobacco products or inhalant delivery systems beginning on January 1, 2022. Retailers would apply for initial licensure with the department using Revenue Online, pay an initial license fee at the time of application, and will be required to renew annually thereafter. The department's fee would be based on the expenses incurred by the department for administering tobacco retail licensing. The department would also enter into agreements to collect fees imposed by the Oregon Health Authority and local public health authorities for enforcement of public health laws and local regulation related to cigarette and tobacco sales and education programs. There will be no changes to the existing tribal cigarette or tobacco agreements, and tribal retailers will not be subject to the license requirement.

Implementation Notes

Tobacco retail licensing would provide the department an accurate database of current retailers selling cigarette and tobacco products. The department will publish information of licensed premises on our website. Retail licensure will assist the department in planning tax compliance inspections. Finally, the ability to revoke a license provides the department an additional sanction for repeated non-compliance with cigarette and tobacco laws. The department will coordinate with the Oregon Health Authority and local public health authorities to share information necessary to administer tobacco retail licensing.

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