

HB 2528 A STAFF MEASURE SUMMARY

House Committee On Revenue

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 5/13

WHAT THE MEASURE DOES:

Adds nicotine derived from any source to the definition of tobacco products for purposes of regulation and taxation. Repeals the criminal prohibition of sales of tobacco products and inhalant delivery systems to a person under 21 and replaces it with a civil prohibition enforced by the Oregon Health Authority (OHA). Prohibits distributing, offering, or providing free samples of tobacco/nicotine products or inhalant delivery systems. Excludes products approved by US Food and Drug Administration as tobacco cessation products from taxation. Requires sale of tobacco and nicotine products to occur at licensed premises. Changes to regulation apply beginning October 1, 2025, and the taxation of additional nicotine products applies beginning January 1, 2027. Takes effect on 91st day following sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon's tobacco and nicotine taxes apply to three broad categories of products:

- Cigarettes - taxed at \$3.33 per pack of 20 cigarettes
- Moist Snuff - taxed at \$1.86 per ounce with a minimum of \$2.24 per container (rate as of July 2024 for any product containing tobacco that is not intended to be combusted or placed in nasal cavity)
- All other tobacco products - taxed at 65% of wholesale price (includes Inhalant Delivery Systems, cigars have maximum tax of \$1 each)

Products other than inhalant delivery systems that contain nicotine but not tobacco are not taxed under current Oregon tobacco taxes.

HB 2528A would add products containing nicotine from any source to taxation as other tobacco products at 65% of wholesale price. HB 2528A also creates a tax exclusion for products approved as cessation products by the US Food and Drug Administration.

While many products would be added to taxation as other tobacco products under the bill, the primary category of additional products are [nicotine pouches](#). An oral nicotine pouch is a small bag that contains nicotine and some other ingredients, but it does not contain tobacco leaf. Other products include nicotine lozenges that look like small hard candies and as they dissolve, the nicotine is absorbed by the mouth. The leading nicotine pouch in the United States is ZYN, with owner [Philip Morris International reporting](#) shipments of 202 million cans (usually 15 pouches each) in the first quarter of 2025, and a market share around 70 percent of value and 60 percent of volume.