

Tobacco Taxes

Senate Committee on Finance and Revenue

May 19, 2025



Tobacco Tax Rates

- Cigarette Tax
 - \$3.33 per pack of 20 cigarettes
- Moist Snuff
 - \$1.86 per ounce, with a minimum of \$2.24 per container
 - 2024 Rate – This is Indexed to increase by ¼ change in CPI
 - Moist snuff tax definition includes any form of tobacco that is not intended to be smoked or placed in the nasal cavity.
- Other Tobacco Products including Vaping Devices, Cartridges, Liquids, etc.
 - 65% of wholesale price,
 - Cigars capped at \$1.00 per cigar

Cigarette Tax Distribution

Statutes and Tax		Distributions (\$ per pack of 20 cigarettes)						
Statute	Tax Per Pack (\$)	General Fund	OHP	TURA	Cities	Counties	DOT Elderly Trans.	OHA Mental Health
323.030(1)	0.58	0.220	0.270	0.030	0.020	0.020	0.020	
323.030(4)	0.15							0.150
323.031(1)	0.60		0.587	0.004	0.003	0.003	0.003	
323.031(2)	2.00	\$1.80 for OHP and Mental Health; \$0.20 for distribution to other entities for cessation and prevention						
Total	3.33							

Other Tobacco Tax Distribution

Distributions (% of total revenue)				
Inhalant Delivery Systems (IDS)		OTP Distribution (non IDS)		
OHA	TURA	General Fund	OHP	TURA
90.00%	10.00%	53.84%	41.54%	4.62%

2025-27 Forecast Tax Distribution - Cigarette

Office of Economic Analysis Forecast, TABLE B.6

May 2025

Cigarette & Tobacco Tax Distribution¹

Millions of dollars

Cigarette Tax Distribution								
	Total	General Fund	Health Plan	Mental Health	Health Authority ²	TURA ³		Cities, Counties & Public Transit
						Old	New	
2025-26	254.2	16.8	65.4	11.4	137.4	2.7	15.3	5.2
2026-27	242.3	16.0	62.4	10.9	130.9	2.5	14.5	5.0
2025-27 BN	496.5	32.8	127.8	22.4	268.3	5.2	29.8	10.2

¹ All figures are net of administrative costs.

² Includes the cigarette floor tax in FY21 of \$27.7 million and FY22 of \$1.6 million

³ Tobacco Use Reduction: Old and New refer to pre- and post-Measure 108 (2020) taxes and programs

2025-27 Forecast Tax Distribution - Other Tobacco

Office of Economic Analysis Forecast, TABLE B.6

May 2025

Cigarette & Tobacco Tax Distribution¹

Millions of dollars

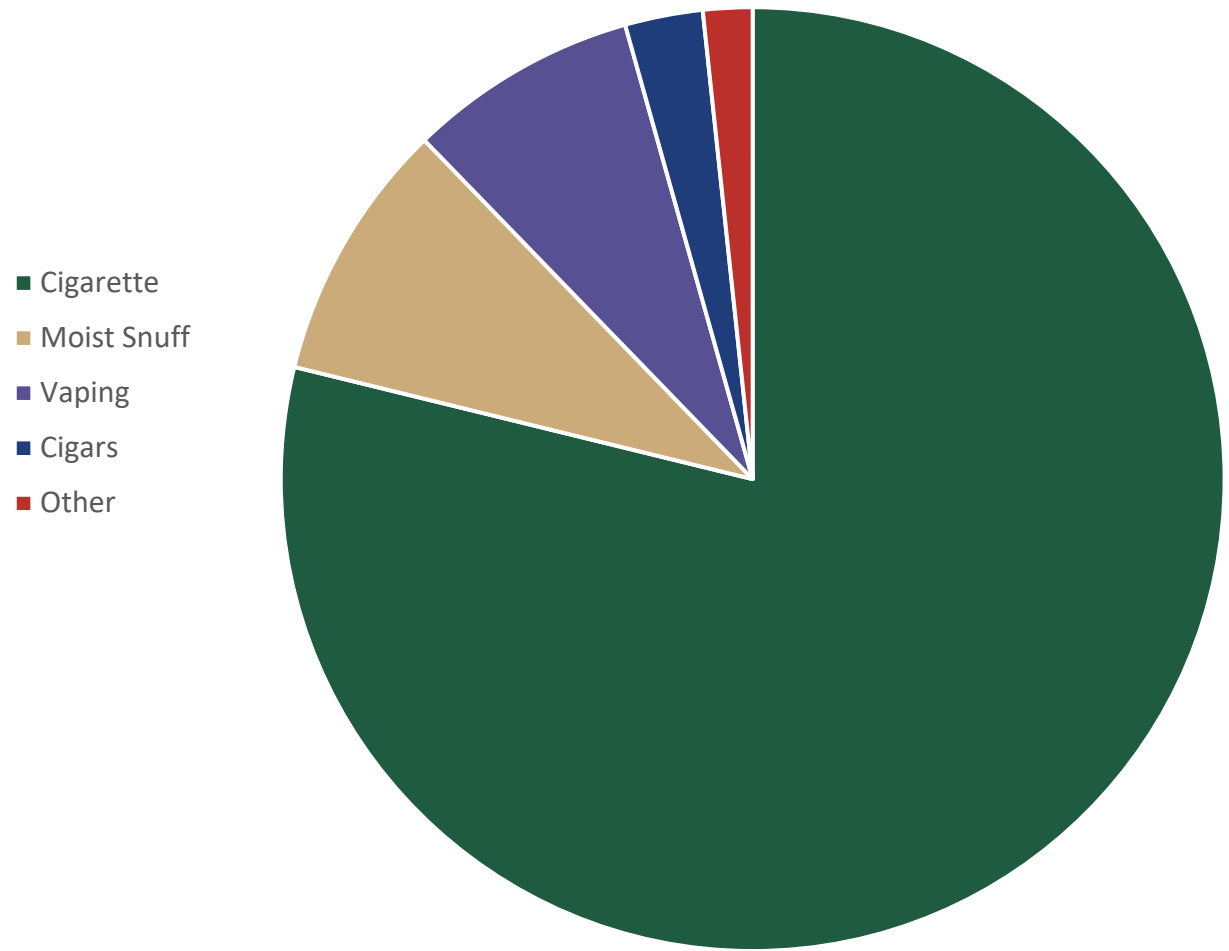
	Other Tobacco Tax Distribution				Inhalent Delivery Distribution		
	Total	General Fund	Health Plan	TURA	Total	Health Authority	TURA
2025-26	45.1	24.3	18.7	2.1	29.9	26.9	3.0
2026-27	42.7	23.0	17.7	2.0	29.1	26.2	2.9
2025-27 BN	87.8	47.3	36.5	4.1	59.0	53.1	5.9

¹ All figures are net of administrative costs.

Tobacco Tax Revenue by Category

Fiscal Year 2024

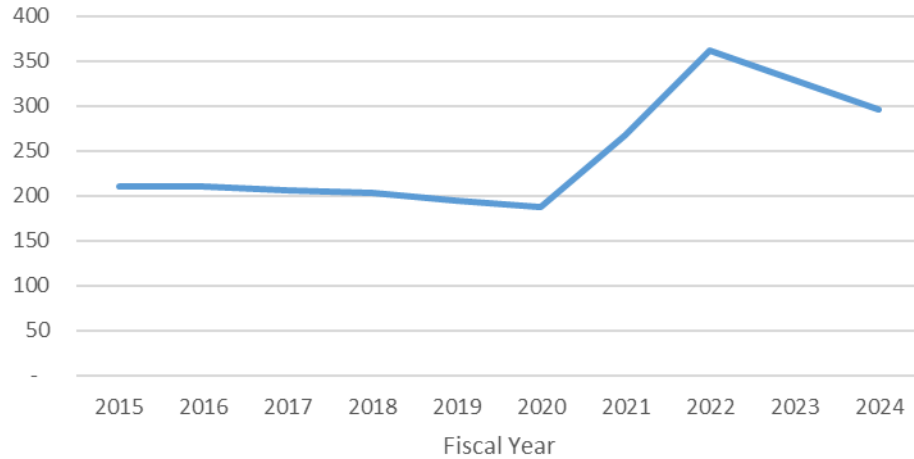
\$ Millions				
Cigarette	Moist Snuff	Vaping	Cigars	Other
294.1	33.3	29.4	10.0	6.3



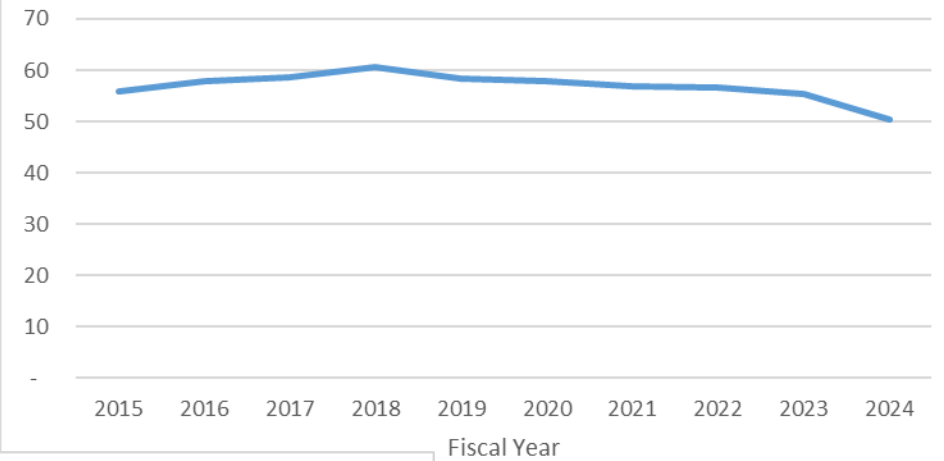
Moist Snuff, Cigars, and Other Tobacco usually reported together as "Other Tobacco." Breakout of categories is estimated. "Moist Snuff" is defined for taxes as tobacco products not intended to be smoked or placed in nasal cavity
Sources: Office of Economic Analysis, Department of Revenue

Cigarette and OTP Revenue Fiscal Years 2015 to 2024

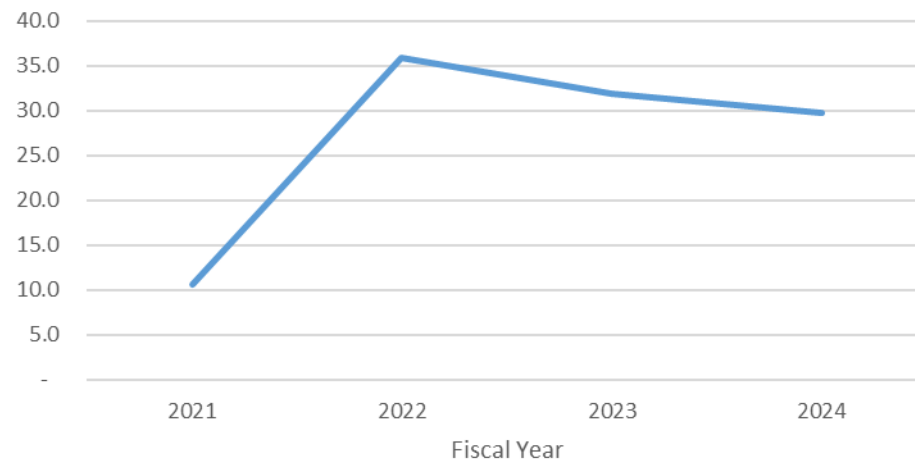
Cigarette Tax (\$Million)



Other Tobacco Tax (\$Million)



Vaping Tax (\$Million)

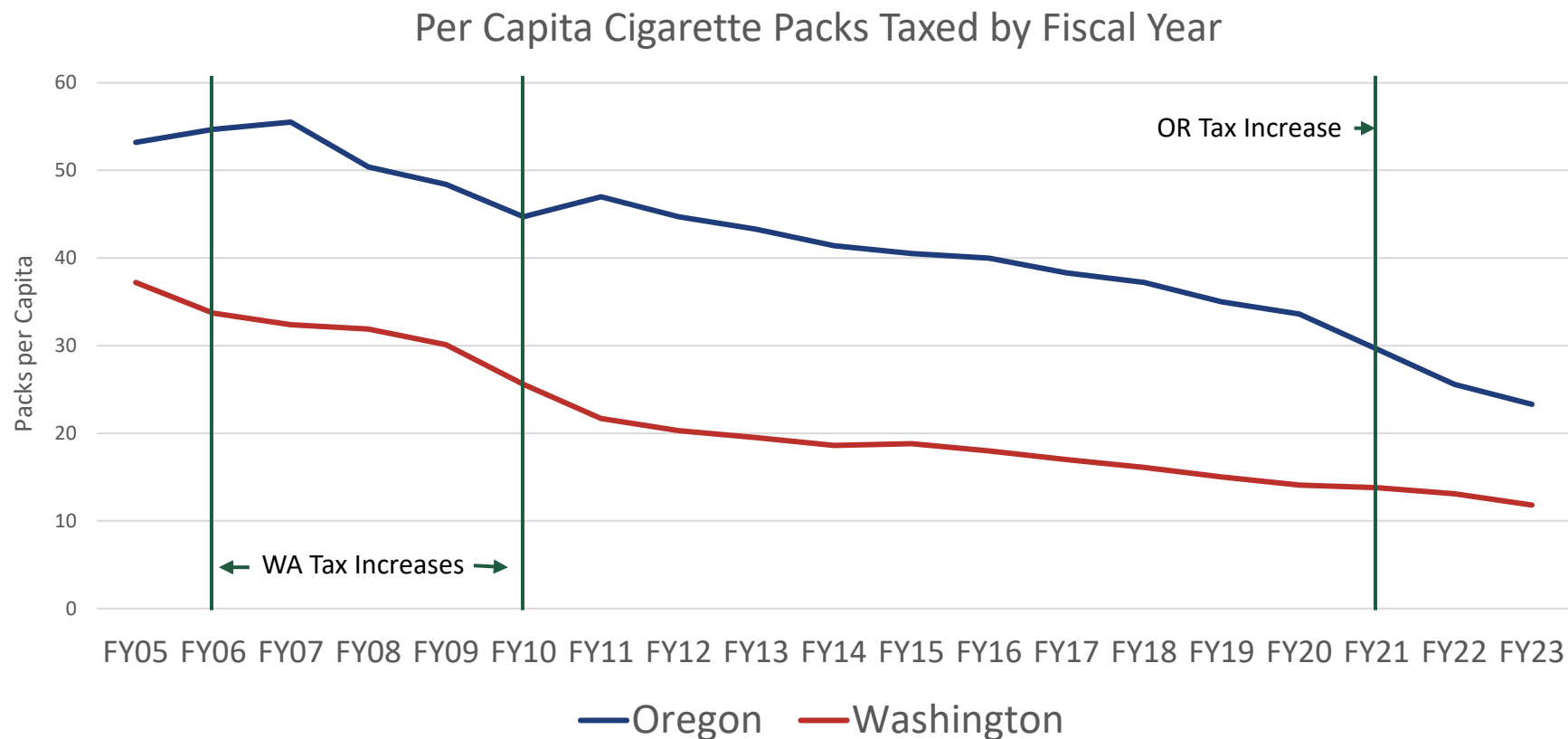


Data Source: Oregon Office of Economic Analysis

Issues

- Nicotine products without tobacco are growing segment
 - Nicotine pouch growth is very high, even amid supply shortages.
 - Archetype – ZYN: Philip Morris Reported 70% market share (\$) for Q1 2025, and US shipments at annual rate of about 800 million cans (15 pouches each).
- County Bans on flavored tobacco/nicotine – Not yet in effect
 - Multnomah County
 - Washington County
- Integration of Oregon and Washington retail sales
 - Part of broader issue of border sales being affected by difference in state policy
 - One of primary reasons products taxed in Oregon are not the same as consumption by Oregonians

Oregon and Washington policies affect sales in both states



Tax Rates 2005 to 2023

Oregon

\$1.18/pack in 2005 (since 2004)
1.31 (Jan 2014)
1.32 (Jan 2015)
1.33 (Jan 2016)
3.33 (Jan 2021)*

Washington

1.425/pack 2005 (since 2002)
2.025 (Jul 2005)*
3.025 (May 2010)*

*Denoted by line on graph to see potential impact

Source: The Tax Burden on Tobacco Vol. 58, Orzechowski and Walker

Thank You

