

## **SB 702 A STAFF MEASURE SUMMARY**

### **Senate Committee On Finance and Revenue**

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**Prepared By:** Jonathan Hart, Economist

**Meeting Dates:** 5/21

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#### **WHAT THE MEASURE DOES:**

Prohibits retail sales of flavored tobacco and nicotine products at all locations other than liquor stores established by the Oregon Liquor and Cannabis Commission beginning July 1, 2026. Prohibits providing any tobacco or nicotine product without compensation. Requires sales of tobacco and nicotine products take place at licensed locations. Allows local governments to impose requirements or prohibitions that are more strict. Declares and emergency and is effective on passage.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

No amendment.

##### **BACKGROUND:**

In 2009, the Family Smoking Prevention and Tobacco Control Act gave the U.S. Food and Drug Administration (FDA) regulatory authority over tobacco products and put a national ban on flavored cigarette products with the exception of menthol.

Multnomah and Washington counties have enacted comprehensive bans on the sale of flavored tobacco and nicotine products, though the bans have not been implemented because of court challenges. The county bans would be explicitly authorized by SB 702A.

SB 702A would prohibit the sale of flavored tobacco products outside the 282 liquor stores established by the Oregon Liquor and Cannabis Commission (if they are licensed to sell tobacco products by the state or local government). This prohibition will reduce the availability of flavored tobacco and nicotine products by reducing the number of available retail locations by more than 90 percent, which will also reduce the hours that retail sales will be available.

The restricted availability of flavored tobacco products will reduce taxed sales of those products. 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)