



Legislative Fiscal Office
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Bill Title: Relating to public health; declaring an emergency.

Government Unit(s) Affected: Department of Revenue, Counties, Department of Justice, Oregon Health Authority, Cities, Oregon Liquor and Cannabis Commission

Summary of Fiscal Impact

Costs related to the measure may have a budgetary impact - see analysis below.

Summary of Revenue Impact

Please see the Revenue Impact Statement on OLIS.

Measure Description

The measure provides that it is unlawful to distribute, offer, or otherwise provide any tobacco or inhalant delivery systems free of charge. Additionally, the measure prohibits distribution, attempt to sell, offer to sale, or sale of flavored tobacco products or inhalant delivery systems, except in liquor stores regulated by the Oregon Liquor and Cannabis Commission and licensed to sell these products.

Fiscal Analysis

Oregon Health Authority

The fiscal impact to the Oregon Health Authority (OHA) is indeterminate. OHA uses revenue from the taxes imposed on cigarettes and inhalant delivery systems to fund, in part, the Oregon Health Plan, other medicated expenditures within medical assistance programs, behavioral health community mental health services and public health initiatives. OHA anticipates the measure will reduce available revenues in the Medicaid, Behavioral Health, and Public Health divisions. Any changes in tax revenue will be addressed in the Revenue Impact Statement produced by the Legislative Revenue Office.

Traditionally, the Legislature has used General Fund to backfill Medicaid and Behavioral Health costs when forecasted tobacco tax revenues declined from budgeted amounts. However, Public Health funds have not typically received similar backfills during periods of declining tobacco tax revenue. Absent sufficient funding, OHA may be unable to maintain existing operations in the 2025-27 or 2027-29 biennium.

Other Entities

The Department of Justice, Department of Revenue, and counties anticipate a minimal fiscal impact, and no fiscal impact is anticipated for the Oregon Liquor and Cannabis Commission. The Legislative Fiscal Office (LFO) notes that this measure may have an impact on cities. LFO has requested but not yet received fiscal impact information, therefore the fiscal impact on cities is indeterminate. If fiscal impact information is provided, LFO will issue a revised fiscal impact statement.

Relevant Dates

The measure declares an emergency and takes effect on passage.

The measure is operative on July 1, 2026.