

CHAPTER 7. OTHER TOBACCO PRODUCTS TAX

A tax is imposed on the sale, storage, use, consumption, handling, or distribution of tobacco products other than cigarettes at the rate of 65 percent of the wholesale sales price. The tax is imposed on the distributor at the time the distributor imports, produces, or ships the tobacco products to retailers in Oregon. There are currently approximately 190 distributors.

General Fund revenues from this tax were \$21.2 million for the 1997–99 biennium.

7.001 FEDERAL INSTALLATIONS

Oregon Statute: 323.515

Sunset Date: None

Year Enacted: 1985

Total	
1999–01 Revenue Impact:	Not Available
1999–01 Revenue Impact:	Not Available

DESCRIPTION: The tobacco products tax does not apply to tobacco products which are stored in a bonded warehouse and which are untaxed under the provisions of chapter 52 of the Internal Revenue Act of 1954, as amended, or which are sold to United States Army, Air Force, Navy, Marine Corps, or Coast Guard exchanges and commissaries and Navy or Coast Guard ships' stores, and United States Department of Veterans' Affairs, or ships' stores maintained under federal bond.

PURPOSE: To encourage the consumption of tobacco and to provide an incentive for the armed forces and Veterans Administration to purchase cigarettes in Oregon. This supports the economic activity surrounding their distribution and retailing. Also, these taxpayers are deserving of a subsidy for their present or past service to their country.

WHO BENEFITS: Sellers of other tobacco products, primarily wholesalers

EVALUATION: Because there is only a very small Armed Forces presence in Oregon, this exemption is likely to have little or no impact. *[Evaluated by the Department of Revenue.]*

7.002 RESERVATION TOBACCO SALES

Oregon Statute: 323.615

Sunset Date: None

Year Enacted: 1985

Total	
1999–01 Revenue Impact:	Less than \$50,000
2001–03 Revenue Impact:	Less than \$50,000

DESCRIPTION: The Department of Revenue refunds to the governing body of any Indian reservation any tobacco tax collected under the Tobacco Products Tax Act in connection with the sale, use, storage, or consumption of tobacco products on the Indian reservation.

PURPOSE: To comply with federal laws that limit the ability of states to tax Indians.

WHO BENEFITS: Sellers of other tobacco products on reservations.

EVALUATION: Not Evaluated.