

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. There is a limit of 50¢ per cigar. The tax is imposed on the distributor at the time the distributor imports, produces, or ships the tobacco products into Oregon. There are currently approximately 190 distributors.

Other Tobacco Products tax revenue for the 1999-01 biennium was distributed as follows: \$22.1 million to the General Fund, \$17.1 million to the Oregon Health Plan, and \$1.9 million to the Tobacco Use Reduction Account, for a total distribution of \$41.1 million.

7.001 FEDERAL INSTALLATIONS

Oregon Statute: 323.515

Sunset Date: None

Year Enacted: 1985

	Total
2001–03 Revenue Impact:	Not Available
2003–05 Revenue Impact:	Not Available

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

PURPOSE: 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 thought deserving of a subsidy for their present or past service to their country.

WHO BENEFITS: Sellers of other tobacco products (primarily wholesalers) and consumers.

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
2001–03 Revenue Impact:	Less than \$50,000
2003–05 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 and consumers of other tobacco products on reservations.

EVALUATION: Not evaluated.