
2018 Cigarette Tax Increase

Oregon Department of Revenue—Cigarette taxes

www.oregon.gov/dor/tobacco



Why is the cigarette tax increasing?

During the 2013 Special Session, the Oregon legislature passed House Bill (HB) 3601, including two \$0.01 per 20-pack increases in the cigarette tax rate. The first increase took effect January 1, 2016 and the second increase takes effect January 1, 2018.

Beginning January 1, 2018, the cigarette tax rate will be \$1.33 per 20-pack and \$1.6625 per 25-pack. This increase only applies to cigarettes, not to other tobacco products.

What changes were made by HB 2489?

HB 3601 also set the existing tax stamp to expire on January 31 following each increase (January 1, 2016 and January 1, 2018). Under this provision, distributors and retailers couldn't possess or sell cigarettes with expired tax stamps. Product with the expired stamps would have been considered contraband and subject to seizure if discovered. However, in April 2015 the Oregon Legislature passed HB 2489, which removes the tax stamp expiration. As a result, there will be no change in the appearance of the Oregon cigarette tax stamp despite the tax increase.

Will there be a floor tax?

No, there's no floor tax in connection with this increase. Instead, for November and December 2017, you will be able to purchase up to 150 percent of your average monthly stamp purchases from May through October of 2017.

Example:

Greg purchases one large roll (30,000 stamps) in May, June, and July; -0- stamps in August; and two large rolls (30,000 x 2 = 60,000 stamps) in September and October. Based on his average monthly purchases, Greg will be able to purchase 52,500 stamps in November and 52,500 in December (210,000 stamps ÷ 6 months = 35,000 stamps x 150 percent = 52,500 stamps).

How can I make sure I get up-to-date cigarette tax information?

We have an electronic mailing list that we use to send out important updates and information related to the cigarette and tobacco products tax programs. To sign up, go to www.oregon.gov/dor/tobacco.

If you have any questions you can contact us at spa.policy_help@oregon.gov.