

## HB 2270 STAFF MEASURE SUMMARY

### House Committee On Health Care

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**Prepared By:** Oliver Droppers, LPRO Analyst

**Sub-Referral To:** House Committee On Revenue

**Meeting Dates:** 2/5

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#### WHAT THE MEASURE DOES:

Increases tax on distribution of cigarettes. Expands definition of “tobacco products” to include inhalant delivery systems for purpose of imposing existing tax on tobacco. Specifies certain monies are to be appropriated to Oregon Health Authority for disease prevention and health-related programs. Removes tax limit on higher-priced cigars. Prohibits distribution or sale of cigarettes or certain cigars in packages containing fewer than 20.

*REVENUE: Revenue impact statement issued.*

*FISCAL: Fiscal impact statement yet issued.*

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

No amendment.

##### BACKGROUND:

According to the Legislative Revenue Office (LRO), Oregon imposes taxes, referred to as an excise tax, on the distribution of all tobacco products in Oregon (e.g., cigarettes, cigars, snuff). The first tobacco excise tax was passed in 1966 – a \$.04 tax per pack on cigarettes. Taxes are levied on each cigarette and as a percent of wholesale price of other tobacco products.

In Oregon, a percentage of revenue from tobacco taxes is used to fund the state’s Medicaid program (Oregon Health Plan). According to LRO, as of January 1, 2019, the tax rate per pack of cigarettes was \$1.33 with .86 cents of that revenue allocated to funding the Oregon Health Plan.

In recent years, state have added electronic nicotine delivery systems (e.g., e-cigarettes and other vapor products) to the statutory definition of tobacco and imposed an excise or special tax (i.e., non-sales tax) on the such products. In 2015, Oregon defined inhalant delivery systems as tobacco products for the purposes of the Indoor Clean Air Act. Oregon does not currently tax electronic nicotine delivery systems.

House Bill 2770 increases taxes on tobacco products; adds electronic nicotine delivery systems to taxable tobacco products; establishes miscellaneous tobacco-related provisions.