

HB 2123 STAFF MEASURE SUMMARY

House Committee On Health Care

Action Date: 02/05/19

Action: Without recommendation as to passage, refer to Revenue by prior reference.

Vote: 11-0-0-0

Yeas: 11 - Alonso Leon, Boles, Drazan, Greenlick, Hayden, Keny-Guyer, Mitchell, Noble, Nosse, Prusak, Salinas

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Oliver Droppers, LPRO Analyst

Meeting Dates: 2/5

WHAT THE MEASURE DOES:

Expands definition of tobacco products to include inhalant form nicotine. Imposes taxes and specifies rates on inhalant form nicotine and inhalant delivery devices.

ISSUES DISCUSSED:

- Purpose of moving the measure to House Committee on Revenue

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 the state (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 percentage of the 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 the Oregon Health Plan.

In recent years, states have added electronic nicotine delivery systems (e.g., e-cigarettes and other vapor products) to the statutory definition of tobacco to ensure that the appropriate excise or special tax (i.e., the non-sales tax) applied to such products. In 2015, Oregon defined inhalant delivery systems as tobacco products for purposes of the Indoor Clean Air Act, but such products are not currently subject to the state's tobacco excise tax.

House Bill 2123 expands the definition of tobacco products to include, and imposes taxes on, inhalant forms of nicotine.