

CHAPTER 6. 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 into Oregon. There are currently 189 distributors.

Other Tobacco Products tax revenue for the 2003-05 biennium is predicted to be \$42.6 million and will be distributed as follows: \$22.8 million to the General Fund, \$17.8 million to the Oregon Health Plan, and \$2 million to the Tobacco Use Reduction Account. For the 2005-07 biennium, receipts are expected to be \$43.7 million.

6.001 FEDERAL INSTALLATIONS

Oregon Statute: 323.515
 Sunset Date: None
 Year Enacted: 1985

	Total
2003–05 Revenue Impact:	Not Available
2005–07 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 comply with federal law.

WHO BENEFITS: Consumers that purchase tobacco products at federal installations.

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.]*

6.002 RESERVATION TOBACCO SALES

Oregon Statute: 323.615
 Sunset Date: None
 Year Enacted: 1985

	Total
2003–05 Revenue Impact:	Less than \$50,000
2005–07 Revenue Impact:	Less than \$50,000

DESCRIPTION: The Department of Revenue may enter into a refund agreement with the governing body of an Indian reservation in Oregon. The agreement may provide for a refund of 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 untaxed other tobacco products on reservations.

EVALUATION: Not evaluated.