

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. Examples of “other tobacco products” are cigars, and tobacco for chewing and smoking in a pipe. The tax is imposed on the distributor at the time the distributor imports, produces, or ships the tobacco products into Oregon. There are currently 183 distributors.

Other tobacco products’ tax revenue for the 2007-09 biennium is forecast to be \$65.0 million and will be distributed as follows: \$34.8 million to the General Fund; \$27.1 million to the Oregon Health Plan; and \$3.0 million to the Tobacco-Use Reduction Account. For the 2009-11 biennium, receipts are expected to be \$63.7 million.

6.001 FEDERAL INSTALLATIONS

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

	Total
2007–09 Revenue Impact:	Less than \$50,000
2009–11 Revenue Impact:	Less than \$50,000

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: Members of the United States Armed Forces that purchase tobacco products at federal installations.

EVALUATION: *by the Department of Revenue*
 This expenditure achieves its purpose of compliance with federal law.

6.002 RESERVATION TOBACCO SALES

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

	Total
2007–09 Revenue Impact:	Less than \$50,000
2009–11 Revenue Impact:	Less than \$50,000

DESCRIPTION: The governing body of any federally recognized Indian reservation in Oregon may enter into a refund agreement with the Department of Revenue. The agreement may provide for a refund of any tobacco tax collected under the Tobacco Products Tax Act in connection with the sale to tribal members, and use, storage, or consumption of tobacco products by tribal members.

PURPOSE: To comply with federal law.

WHO BENEFITS: As of FY 2007-08, no governing body of federally recognized Indian tribes in Oregon has entered into tax refund agreements from sales of other tobacco products.

EVALUATION: *by the Department of Revenue*
 This expenditure achieves its purpose of compliance with federal law.