

Ballot Measure Statement
2020 General Election

September 03, 2020

**Referred to the People by the
Legislative Assembly**

Measure 108

Increases cigarette and cigar taxes. Establishes tax on e-cigarettes and nicotine vaping devices. Funds health programs.

Result of "Yes" Vote: "Yes" vote increases cigarette tax by \$2 per pack. Increases cap on cigar taxes to \$1 per cigar. Establishes tax on nicotine inhalant delivery systems, such as e-cigarettes and vaping products. Funds health programs. Approves other provisions.

Yes

Result of "No" Vote: "No" vote retains current law. Cigarettes are taxed at current rate of \$1.33 per pack. Tax on cigars is capped at 50 cents per cigar. Nicotine inhalant delivery systems, such as e-cigarettes and vaping products, remain untaxed.

No

Summary: Under current law, a tax of \$1.33 is imposed on each pack of 20 cigarettes, cigars are taxed at 65 percent of the wholesale price, up to a maximum of 50 cents per cigar, and nicotine inhalant delivery systems, such as e-cigarettes and vaping products, are not taxed. Measure increases the cigarette tax by \$2 per pack and increases the maximum tax on cigars to \$1 per cigar. Measure provides for smaller cigars (sold commonly as "cigarillos") to be taxed like cigarettes. Measure establishes tax on nicotine inhalant delivery systems, such as e-cigarettes and vaping products, at 65 percent of the wholesale price. Tax on nicotine inhalant delivery systems does not apply to approved tobacco cessation products or to marijuana inhalant delivery systems. Revenue from increased and new taxes will be used to fund health care coverage for low-income families, including mental health services, and to fund public health programs, including prevention and cessation programs, addressing tobacco- and nicotine-related diseases.

Estimate of Financial Impact: This referral increases taxes on cigarettes and cigars and establishes a tax on e-cigarettes and vaping devices and dedicates the revenues to health programs at the Oregon Health Authority. The measure will increase net state revenues by \$111.1 million in 2019-21 and \$331.4 million in 2021-23. The measure dedicates 90 percent of the revenue from the increased cigarette tax and the e-cigarette and vaping device tax to support the Oregon Health Plan and other medical assistance programs and 10 percent to tobacco use prevention and cessation programs. Funds spent on the Oregon Health Plan are eligible for federal matching funds. The direct expenditure impact of the measure is the cost of administering the tax increases, estimated at \$1.0 million in 2019-21 and \$1.3 million in 2021-23.

Local governments, the state's General Fund, and mental health programs at the Oregon Health Authority could see a decline in revenue if the measure passes. The current cigarette tax and the proposed tax are dedicated to different purposes.

Beyond the cost of administration, the impact of the revenue increases and decreases on state and local government expenditures is indeterminate and will depend on decisions made by the governing bodies of those governments.