



## SENATE MAJORITY OFFICE

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### NEWS RELEASE

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### **Tobacco, e-cigarette tax to increase Oregon Health Plan funding**

*HB 2270: Increases taxes on tobacco products, sends issue to voters*

SALEM – An additional, sustainable funding mechanism for the Oregon Health Plan will be created by increasing taxes on tobacco products and creating taxes on e-cigarettes and vaping products, under a bill that passed in the Oregon Senate.

[House Bill 2270](#) – which passed on the Senate floor today – refers the new taxes, as well as the tobacco tax increase, to voters in the November 2020 election. If it passes, the measure becomes law on Jan. 1, 2021.

Officials estimate the tax would raise \$340 million for the 2021-23 biennium, if it is implemented. Revenue from the bill would be distributed on a 90/10 split, with 90 percent of the revenue going to Oregon’s Medicaid program – the Oregon Health Plan – and 10 percent going to fund tobacco cessation and prevention programs.

“We are asking voters for funding, through an increased tobacco tax and a new tax on vaping products, in order to fund health care for underserved populations, as well as tobacco cessation services,” said Sen. Kathleen Taylor (D-Milwaukie), who carried the bill on the Senate floor. “This tax will make tobacco and vaping products less desirable and affordable for people – especially young people – in order to improve public health outcomes. It also fills a gap in our Oregon Health Plan budget so that we can continue ensuring thousands of everyday Oregonians continue having access to health insurance.”

House Bill 2270 increases the tax rate on cigarette distribution by \$2 per pack, setting the tax at \$3.33 per pack. This increase keeps Oregon's tax rate below California and Washington, ensuring retailers don't lose out on business along transportation corridors. Oregon currently has a \$1.33 tax per pack of cigarettes, which ranks well below the national average among states.

The bill also defines "inhalant delivery systems" – also known as e-cigarettes and vape products – and imposes a new tax on those products at 65 percent of wholesale price. Currently, those items are not taxed in Oregon. Additionally, it prohibits the sale of individual cigars unless the individual price of the cigar exceeds \$3 or the cost of a pack exceeds \$12, keeping skinny, flavored cigars away from children.

The Oregon Health Authority estimates tobacco contributes to 8,000 deaths per year in Oregon and costs the state \$1.5 billion in medical care. The Oregon Health Authority also has found that increasing the price of tobacco is the single most effective tool to reduce tobacco use, including youth consumption.

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