November 3, 2020 General Election

Initiative Referendum #402

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

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.

Certification:
We, the undersigned, hereby certify that, pursuant to ORS 250.127(3), we have prepared the statement described under “Estimate of Financial Impact.”

__________________________________________ 8/5/2020
Bev Clarno, Secretary of State  Date

__________________________________________ 8/5/2020
Tobias Read, State Treasurer  Date
Katy Coba, Director, Department of Administrative Services

Betsy Imholt, Acting Director, Department of Revenue

Tim Collier, City, County, or District representative