



Cigarette Tax – County

Cuyahoga County is the only county in the state that levies a separate local tax on cigarettes – in 2008, the General Assembly prohibited localities from levying any new taxes on cigarettes. However, in 2013, the General Assembly authorized Cuyahoga County to extend its current levy. Cuyahoga County levies the maximum rates specified in state law. Revenues from these taxes are mainly used for funding a regional arts and cultural district; some revenues are used for the construction and renovation costs for professional sports facilities in the county along with related economic development projects.

The taxes must be levied pursuant to a resolution adopted by the Board of County Commissioners and approved by a majority of voters in the county. Ballot language is specified in state law. Cuyahoga County voters last approved cigarette taxes (along with alcohol taxes) in May 2014, for a twenty-year period.

Taxpayer

(Ohio Revised Code 5743.025)

The tax is paid by cigarette dealers (primarily wholesalers), who must be licensed and who pay the tax by purchasing tax indicia (stamps or impressions). The indicia must be affixed to all packs of cigarettes before sale at retail in a county that levies such taxes.

Tax Base

(R.C. 5743.026)

The tax is assessed per each cigarette sold.

Rates

(R.C. 5743.021 and 5743.026)

Cuyahoga County levies two separate cigarette taxes at the maximum rates permitted under state law:

- Up to 1.5 cents per cigarette (30 cents per pack of 20 cigarettes) for the purpose of funding a regional arts and cultural district.
- Up to 0.225 cents per cigarette (4.5 cents per pack of 20 cigarettes) for construction of a sports facility.

For one pack of 20 cigarettes purchased, a total of 34.5 cents is assessed.

Exemptions

No exemptions.

Disposition of Revenue

(R.C. 3381.04, 5743.021)

The county receives 98% of revenues from each tax to use for the specified purposes listed above. The remaining 2% of revenue is allocated to the Department of Taxation to administer the tax.

Payment Dates

See the Cigarette and Other Tobacco Products Tax chapter in the State Taxes section.

Special Provisions/Credits

See the Cigarette and Other Tobacco Products Tax chapter in the State Taxes section.

Responsibility for Administration

The Tax Commissioner.

Ohio Revised Code Citations

Sections 307.696, 307.697, 351.26, 3381.04, 5743.021, 5743.024, 5743.025, and 5743.026.

History of Major Changes

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|------|---|
| 1986 | General Assembly authorizes county sports facility cigarette taxes. |
| 1990 | Cuyahoga County voters approve a 4.5 cents-per-pack cigarette tax through July 31, 2005, with revenue designated to finance sports facilities for the Cleveland Indians and Cavaliers. |
| 1995 | General Assembly permits counties to extend cigarette taxes that have not yet expired (July). Later, Cuyahoga County voters approve to extend the cigarette tax for ten years, through July 31, 2015, in order to support facility improvements for the Cleveland Browns. |

History of Major Changes - continued

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| 2006 | General Assembly permits counties with a population of 1.2 million or more (effectively, Cuyahoga County) to levy a cigarette tax to fund a regional arts and cultural district. Cuyahoga County voters approve the tax at a rate of \$0.30 per pack (effective February 2007). |
| 2008 | General Assembly enacts House Bill 562, which includes a provision that prohibits future local taxes on cigarettes (and alcoholic beverages). |
| 2013 | General Assembly enacts House Bill 59, the general budget bill, which includes a provision that specifically authorizes Cuyahoga County to renew the county cigarette tax (and alcoholic beverage taxes) for up to 20 years, by adopting a resolution to do so by September 15, 2015, subject to voter approval. |
| 2014 | Cuyahoga County voters approve (on May 6) to extend the cigarette (and alcoholic beverages) taxes at current rates for 20 years. |

| Table 1 | | | | | |
|--|--------------------------------|----------------------------------|--------------------------------------|------------------------|----------------------|
| Revenue from Cigarette Taxes in Cuyahoga County, Fiscal Years 2010 - 2014 | | | | | |
| Fiscal Year | Cuyahoga County Revenue | Arts District Allocation* | Sports Facilities Allocation* | State Admin Fee | Total Revenue |
| 2010 | \$20,540,141 | \$17,861,707 | \$2,678,434 | \$420,722 | \$20,960,863 |
| 2011 | \$19,882,266 | \$17,289,619 | \$2,592,647 | \$406,078 | \$20,288,344 |
| 2012 | \$19,687,486 | \$17,120,238 | \$2,567,248 | \$402,357 | \$20,089,843 |
| 2013 | \$19,411,367 | \$16,880,125 | \$2,531,242 | \$396,666 | \$19,808,033 |
| 2014 | \$18,482,584 | \$16,072,454 | \$2,410,129 | \$377,194 | \$18,859,778 |

Source: Ohio Office of Budget and Management fiscal reports for total revenue;

*Arts and sports facilities allocations calculated by Dept. of Taxation based on proportion of their respective tax rates (about 87% for arts and 13% for sports facilities).

| Table 2 | | | |
|---|------------------------|-----------------|--------------------------|
| Cuyahoga County Cigarette Tax Receipts, Fiscal Years 2010 - 2014 | | | |
| Fiscal Year | Gross Stamp Tax | Discount | Net Tax Collected |
| 2010 | \$20,916,639 | \$376,499 | \$20,540,140 |
| 2011 | \$20,246,705 | \$364,440 | \$19,882,265 |
| 2012 | \$19,763,236 | \$355,738 | \$19,407,498 |
| 2013 | \$20,187,170 | \$363,369 | \$19,823,801 |
| 2014 | \$18,449,161 | \$332,085 | \$18,117,076 |

Source: Treasurer of State