



Cigarette and Other Tobacco Products Tax

Taxpayer

Cigarette tax: cigarette dealers (primarily wholesalers), who must be licensed, pay the tax by purchasing tax indicia (stamps or impressions). The indicia must be affixed to all packages of cigarettes before sale at retail.

Other tobacco products: manufacturers that sell to retail dealers, wholesale dealers, and retail dealers that receive untaxed products.

Tax Base

- Cigarettes.
- Cigars, chewing tobacco, snuff, smoking tobacco, and other tobacco products.

Rates

- Cigarettes: \$0.0275 cents per cigarette (\$0.55 per pack of 20 cigarettes).
- Other tobacco products: 17% of wholesale price.

Major Exemptions

None.

Revenue (In Millions)

Fiscal

<u>Year</u>	<u>Total</u>
2000	\$287.7
2001	282.5
2002	281.3
2003	599.9(1)
2004	557.5

Note: (1) Includes floor tax of \$35.3 million.

Disposition of Revenue

General Revenue Fund.

Payment Dates

Cigarette dealers file returns on January 31 and July 31. However, most tax payments are remitted as advanced purchases of indicia.

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Other tobacco products dealers file returns by the end of the month for the previous month's liability or by April 30, July 31, October 31, and January 31 for the previous quarter's liability.

Special Provisions/Credits

The Tax Commissioner is required to allow cigarette dealers a minimum discount of 1.8% of face value of the purchase of tax stamps or impressions as a commission for affixing and cancelling them. The current applicable discount rate is 1.8%.

For other tobacco products dealers, a 2.5% discount is given for timely payment. Counties may levy taxes of up to \$0.00225 per cigarette (\$0.045 cents per pack of 20 cigarettes). The revenue must be used for construction of a sports facility. Cuyahoga County adopted a tax of \$0.045 per package as of August 1, 1990 (see **Cigarette Tax – County** section).

Sections of Ohio Revised Code

Chapter 5743.

Responsibility for Administration

Tax Commissioner.

History of Major Changes

<u>Year</u>		Total Tax Rate Per Pack of 20
1931	• Tax enacted.	\$0.02
1956	• One cent rate increase.	\$0.03
1959	• Two cents rate increase.	\$0.05
1969	• Five cents rate increase.	\$0.10
1971	• Five cents rate increase. • Cigarettes exempted from sales tax.	\$0.15
1981	• One cent rate decrease. • Cigarettes made subject to sales tax.	\$0.14
1983	• Tax changes to a per-cigarette rate of \$0.007.	\$0.14

State Taxes



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1986	• Counties authorized to levy permissive cigarette tax for funding the building of a sports facility.	\$0.14
1987	• Rate increase of \$0.002 per cigarette.	\$0.18
1991	• All cigarette tax revenues allocated to the General Revenue Fund when capital improvement bonds retired in 1992.	\$0.18
1992	• As of January 1, 1992, taxpayers no longer allowed 30-day credit on purchases of tax stamps and impressions. • Other tobacco products tax enacted at 17% of the wholesale price. • Rate increase of \$0.003 per cigarette.	\$0.24
1994	• Taxpayers allowed 30-day credit on purchases of tax stamps and meter impressions from July 1 to April 30 of each year.	\$0.24
1999	• Prohibited affixing of tax stamps to certain packages of cigarettes (gray market cigarettes). • Required tobacco manufacturers selling cigarettes in Ohio and not part of the Attorney General's tobacco settlement to place funds annually in escrow accounts for payment of future lawsuits.	\$0.24
2001	• Reduced minimum allowable cigarette stamp discount rate from 3.6% to 1.8%.	\$0.24
2002	• Rate increase of \$0.0155 per cigarette effective July 1.	\$0.55
2003	• Purchase of stamps on credit without a bond permitted for qualifying wholesalers.	\$0.55

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Comparisons with Other States (As of 03/05)

State	Cigarette	Other Tobacco
	Tax Rate	Products Rate
	Per Pack of 20	
	(monetary amount)	(percent of wholesale price)
California	\$0.87(1)	46.76%
Florida	0.339	25.0(2)
Illinois(3)	0.98	18.0
Indiana	0.555	15.0
Kentucky(4)	0.03	—
Massachusetts	1.51	30.0(5)
Michigan	2.00	32.0
New Jersey	2.40	30.0
New York(6)	1.50	37.0
Pennsylvania	1.35	—
Texas	0.41	35.213(7)
West Virginia	0.55	7.0

Notes: (1)Includes an additional \$0.50 per pack tax. (2)Tax is levied on smoking tobacco, chewing tobacco, and snuff. (3)There is also a use tax of \$0.58 per pack of unstamped cigarettes. (4)Dealers pay an additional enforcement and administration fee of one-tenth of a cent per pack. (5)Tax is levied on smoking tobacco and cigars. There is also a tax on smokeless tobacco of 90% of the wholesale price. (6)There is also a use tax of \$1.50 per pack of unstamped cigarettes. (7)Tax rate shown is for tobacco and snuff. Cigars are taxed at a variable rate, based on price, of from \$0.01 to \$0.15 per ten cigars.

