

STATE TAXES
**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 packs 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: 6.25 cents per cigarette (\$1.25 per pack of 20 cigarettes).
- Other tobacco products: 17% of wholesale price.

Major Exemptions

None.

Revenue (In Millions)

Fiscal Year	Total
2002	\$281.3
2003	599.9
2004	557.5
2005	577.7
2006	1,084.1

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.

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.

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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 0.225 per cigarette (4.5 cents per pack of 20 cigarettes). The revenue must be used for construction of a sports facility. Cuyahoga County adopted a tax of 4.5 cents per pack as of August 1, 1990 (see **Cigarette Tax – County** section).

Counties with a population of 1.2 million or more may levy an additional tax of up to 1.5 cents per cigarette (30 cents per pack of 20 cigarettes) to fund a regional arts and cultural district. Cuyahoga County voters approved such a tax at 30 cents per pack effective February 1, 2007 (see **Cigarette Tax – County** section).

Sections of Ohio Revised Code

Chapter 5743.

Responsibility for Administration

Tax Commissioner.

History of Major Changes

Year	Total Tax Rate Per Pack of 20
1931 • Tax enacted.	Two cents
1956 • One cent rate increase.	Three cents
1959 • Two cents rate increase.	Five cents
1969 • Five cents rate increase.	10 cents
1971 • Five cents rate increase. • Cigarettes exempted from sales tax.	15 cents
1981 • One cent rate decrease. • Cigarettes made subject to sales tax.	14 cents
1983 • Tax changes to a per-cigarette rate of 0.7 cent(s).	14 cents

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Year	Total Tax Rate Per Pack of 20
1986 • Counties authorized to levy permissive cigarette tax for funding the building of a sports facility.	14 cents
1987 • Rate increase of 0.2 cent(s) per cigarette.	18 cents
1991 • All cigarette tax revenues allocated to the General Revenue Fund when capital improvement bonds retired in 1992.	18 cents
1992 • Other tobacco products tax enacted at 17% of the wholesale price. • Rate increase of 0.3 cent(s) per cigarette.	24 cents
1994 • Taxpayers allowed 30-day credit on purchases of tax stamps and meter impressions from July 1 to April 30 of each year.	24 cents
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.	24 cents
2001 • Reduced minimum allowable cigarette stamp discount rate from 3.6% to 1.8%.	24 cents
2002 • Rate increase of 1.55 cents per cigarette effective July 1.	55 cents

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Year	Total Tax Rate Per Pack of 20
2003 • Purchase of stamps on credit without a bond permitted for qualifying wholesalers.	55 cents
2005 • Rate increase of 3.5 cents per cigarette effective July 1.	\$1.25
2006 • Counties with a population of 1.2 million or greater authorized to levy permissive cigarette tax to fund a regional arts and cultural district.	\$1.25

Comparisons with Other States (As of 05/07)

State	Cigarette Tax Rate Per Pack of 20 (monetary amount)	Other Tobacco Products Rate (percent of wholesale price)
California	87.0 cents	46.76%
Florida	33.9	25.0(1)
Illinois(2)	98.0	18.0
Indiana(3)	99.5	18.0
Kentucky(4)	30.0	7.5
Massachusetts	\$1.51	30.0(5)
Michigan	2.00	32.0
New Jersey	2.575	30.0
New York(2)	1.50	37.0
Pennsylvania	1.35	—
Texas	1.41	40.0(6)
West Virginia	55.0	7.0

Notes: (1) Tax is levied on smoking tobacco, chewing tobacco, and snuff. (2) There is also a use rate on unstamped cigarettes, levied at the same rate per pack as the cigarette tax rate. (3) Indiana's rate is effective July 1, 2007. (4) Dealers pay an additional enforcement/administration fee of 0.1 cents 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) Tax rate shown is for tobacco and snuff. Cigars are taxed at a variable rate, based on price, of from one cent to 15 cents per ten cigars.