



Cigarette and Other Tobacco Products Tax

Ohio has levied an excise tax on cigarettes since 1931. The current rate, \$1.25 per pack, was set by the Ohio General Assembly effective July 1, 2005.

The tax is paid primarily by wholesale dealers through the purchase of stamps (tax indicia) that are affixed to packs of cigarettes. Individual consumers are responsible for paying the tax on cigarettes that are not taxed at the wholesale dealer level.

In Fiscal Year 2007, total receipts from the sale of stamps were over \$955.2 million, an amount that does not include other tobacco products. This amount was credited to the state General Revenue Fund.

An excise tax on "other tobacco products" – including cigars, chewing tobacco, snuff, smoking tobacco and other tobacco products – was enacted effective Feb. 1, 1993. The 17 percent tax is levied on the wholesale price of other tobacco products manufactured in Ohio or imported into Ohio. In FY 2007, total net receipts were over \$31 million. This amount was credited to the state General Revenue Fund.

In 1986, the Ohio General Assembly authorized county governments to levy a permissive tax of up to 4.5 cents per pack for the purpose of funding the operation or servicing the debt of a sports facility operated by the county or a development corporation. Cuyahoga County voters approved such a levy effective Aug. 1, 1990, with revenue devoted to facilities used by the Cleveland Indians, Cavaliers and Browns.

In 2006, the General Assembly authorized qualified counties to levy an additional permissive tax of up to 30 cents per pack for the purpose of funding a regional arts and cultural district. Voters in Cuyahoga County approved this additional levy, effective Feb. 1, 2007.

The total permissive tax levied on cigarettes in Cuyahoga County is currently 34.5 cents per pack of 20 cigarettes. The levies produced revenues of more than \$12.9 million during FY 2007 for sports facilities and the regional arts and cultural district.

The Department of Taxation administers and collects both the state tax and the permissive taxes. For the permissive taxes, collection is made through sales of tax indicia for cigarettes to be sold in Cuyahoga County. The revenues are distributed to Cuyahoga County in the month following their collection. The Department of Taxation retains 2 percent of the collections for administrative expenses.

All state cigarette tax exemptions and credits also apply to the county levies.

Taxpayer (Ohio Revised Code 5743.01)

Cigarettes:

Wholesale Dealers – Those who purchase cigarettes directly from manufacturers, producers, importers, or other wholesalers, who then sell cigarettes to retailers for the purpose of resale.

Persons – Individuals, companies, or any other person who have cigarettes in their possession on which the excise tax has not been paid.

Other Tobacco Products:

Distributors – Includes all manufacturers, wholesalers or retailers who are licensed as other tobacco product distributors.

Persons - Any person who receives untaxed other tobacco products in this state on which the excise tax has not been paid.

Tax Base

- The sale of cigarettes in Ohio (R.C. 5743.02, 5743.021).
- The use, consumption, or storage for consumption of cigarettes in Ohio (R.C. 5743.32).
- The receipt or import of other tobacco products for resale (R.C. 5743.51).

Rates

Ohio Revised Code Section	Tax Rate Per Pack of 20	Tax Rate Per Pack of 25
5743.02 (Sales)		
5743.32 (Use)	125.0 cents	156.25 cents
5743.024 (County)	4.5 cents	5.625 cents
5743.021 (County)	30.0 cents	37.5 cents

The rate on other tobacco products is 17 percent of the wholesale price (R.C. 5743.51, 5743.63).

Method of Tax Payment

All cigarette wholesale dealers are required to purchase stamps from the Treasurer of State. Dealers are required to pay for stamps at the time of purchase unless they have been authorized to make purchases on credit. The Tax Commissioner may authorize wholesale dealers to purchase stamps on credit, payable within 30 days. Credit sales are allowed only during the months of July through April of each fiscal year.

Any person in possession of unstamped cigarettes (for example, a consumer who makes an out-of-state purchase), is required to pay the tax by direct payment to the Department of Taxation.

Exemptions

Cigarettes sold in interstate or foreign commerce or to the U.S. government or its agencies. (R.C. 5743.05)

Special Provisions

Permissive Cigarette Tax:

Counties may, with voter approval, levy a permissive cigarette tax of up to 2.25 mills per cigarette (4.5 cents per pack of 20 cigarettes). The levy must be for the purpose of servicing the debt of a sports facility. Cuyahoga County currently levies this tax. (R.C. 5743.024)

Qualifying counties may, with voter approval, levy an additional permissive tax of up to 1.5 cents per cigarette (30 cents per pack of 20 cigarettes). The levy must be for the purpose of funding a regional arts and cultural district. Cuyahoga County currently levies this tax. (R.C. 5743.021)

Discounts:

As a consideration for affixing and canceling cigarette stamps, wholesale dealers receive a discount of 1.8 percent of the face value of stamps. (R.C. 5743.05)

Other tobacco products taxpayers receive a 2.5 percent discount for timely payment of the tax. (R.C. 5743.52)

Monthly Reports to be Filed:

Manufacturers, importers and brokers shipping cigarettes and other tobacco products into Ohio are required to register and file monthly reports with the Tax Commissioner. (R.C. 5743.072, 5743.15 and 5743.66)

Authorized Sales:

The identities of all entities authorized to make cigarette and other tobacco products sales – to include registered manufacturers, importers and brokers of cigarettes and other tobacco products, as well as all licensed cigarette wholesalers and distributors of other tobacco products – are subject to public disclosure. The Tax Commissioner must maintain and post this list on a Web site on the Internet. (R.C. 5743.20)

Unstamped Cigarette Prohibitions:

No person can possess or trade unstamped cigarettes (that is, cigarettes in packages that do not display the stamp indicating that the tax has been paid). It is a crime for any person to possess, transport, distribute or otherwise trade 1,200 or more unstamped cigarettes without the consent of the Tax Commissioner. (R.C. 5743.10, 5743.111, and 5743.112)

Authorized Recipients of Cigarettes:

All cigarettes coming into Ohio can only be transported or shipped to an “authorized recipient of tobacco products” (such as licensed cigarette dealers). All other exchanges of cigarettes must be made in “face-to-face” transactions. It is an offense, punishable by a fine of up to \$1,000, to transport, or cause to be shipped, cigarettes to a person other than an “authorized recipient of tobacco products.” (R.C. 2927.023)

Cigarettes Legal for Sale in Ohio:

The office of the Ohio Attorney General maintains a list,

on its Web site, of all cigarette brands that may be sold in Ohio. This list represents brands that are produced by manufacturers that are certified to be in compliance with the tobacco Master Settlement Agreement. It is illegal to sell in Ohio any brand of cigarette not on this list. (R.C. 1346.04 – 1346.10)

Master Settlement Agreement Reports:

Persons who pay the cigarette or other tobacco products excise taxes are required to report the quantity of all cigarettes and roll-your-own cigarette tobacco sold in Ohio for each brand not covered by the tobacco Master Settlement Agreement. A penalty of up to \$250 per month may be imposed for failing to file this report. (R.C. 5743.03)

Filing and Payment Dates

Wholesale dealers are required to file a semi-annual return even though they may have paid all their tax through the purchase of stamps. Any payment due on cigarettes not previously taxed is included. Others who have untaxed cigarettes file a monthly use tax return along with payment of the tax.

Type of Return	Filing Date	Code Section	Taxpayer
Semi-annual	By July 31 for the preceding January - June period; by January 31 for the preceding July - December period.	5743.03	Wholesale dealers
Monthly	By the 15th of each month for the preceding month.	5743.33	Persons with untaxed cigarettes
	By the last day of each month for the preceding month.	5743.52	Distributors or importers of tobacco products
Quarterly	April 30, July 31, October 31, and January 31 for the previous quarter's liability.	5743.52	Distributors or importers of tobacco products

Disposition of Revenue

Tax Rate	Revised Code Section	Disposition of Revenue
6.25 cents per cigarette effective July 1, 2005	5743.02	State General Revenue Fund
17 percent of wholesale price of other tobacco products	5743.51	State General Revenue Fund
County levy: Up to 1.725 cent(s) per cigarette	5743.024	2.0 percent to Local Excise Tax Administrative Fund and the remainder to the county

Administration

Both state and county taxes on cigarettes and other tobacco products are administered by the Department of Taxation.

Ohio Revised Code Citations

Chapter 5743.

Recent Legislation

Amended Substitute House Bill 119, 127th General Assembly (FY 2008 - 2009 biennium budget bill, effective July 1, 2007).

Amended R.C. 5743.20 to allow the Department of Taxation to post a list of registered manufacturers, importers and brokers of other tobacco products to the department's Web site.

Recent Information Releases

XT-2007-01 – "Excise and Motor Fuel Tax Division Information Release – Cuyahoga County Cigarette Tax Increase," January 2007.

XT 2006-01 – "Excise and Motor Fuel Tax Division Information Release – Tobacco Requirements," July 2006.

Table 1
Cuyahoga County Cigarette Tax Receipts:
Fiscal Years 2003 - 2007

Fiscal Year	Gross Stamp Tax	Discount	Net Tax Collected
2003	\$4,455,341	\$80,196	\$4,375,145
2004	4,350,822	78,315	4,272,507
2005	4,329,850	77,937	4,251,913
2006	3,721,103	66,980	3,654,123
2007	12,167,370	219,013	11,948,357

Source: Treasurer of State

Table 2
Cigarette Tax Receipts:
Fiscal Years 2003 - 2007

Fiscal Year	Gross Stamp Tax	Discount	Net Tax Collected
2003	\$548,764,842	\$9,877,767	\$538,887,075
2004	540,376,592	9,726,779	530,649,813
2005	561,492,445	10,106,864	551,385,581
2006	1,010,469,343	18,188,448	992,280,895
2007	972,740,773	17,509,334	955,231,439

Source: Treasurer of State

Table 3
Other Tobacco Products Tax Receipts:
Fiscal Years 2003 - 2007

Fiscal Year	Gross Stamp Tax	Discount	Net Tax Collected
2003	\$26,382,986	\$643,520	\$25,739,466
2004	27,394,131	682,290	26,711,841
2005	28,370,283	672,118	27,698,165
2006	30,589,487	761,678	29,827,809
2007	31,786,206	782,286	31,003,920

Source: Treasurer of State