

## CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

### TAX BASE

1. Cigarettes.
2. Cigars, chewing tobacco, snuff, smoking tobacco, and other tobacco products.

### RATES

Cigarettes: 1.2 cents per cigarette (24 cents per package of 20 cigarettes), increased to 55 cents July 1, 2002.  
Other tobacco products: 17% of wholesale price.

### REVENUE (IN MILLIONS)

Fiscal <u>Year</u>	<u>Total</u>
1998	\$296.6
1999	290.6
2000	287.7
2001	282.5

### DISPOSITION OF REVENUE

General Revenue Fund.

### SECTIONS OF OHIO REVISED CODE

Chapter 5743.

### RESPONSIBILITY FOR ADMINISTRATION

Tax Commissioner.

### REMITTER OF TAX

Cigarette tax: Cigarette dealers (primarily wholesalers), who must be licensed, pay the tax by purchasing tax indicia (stamps or meter 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.

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### 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 product 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 on the purchase of tax stamps or meter impressions as a commission for affixing and cancelling them. The current applicable rate is 1.8%. For other tobacco product dealers, a 2.5% discount is given for timely payment. Counties may levy taxes of up to 0.225 cent per cigarette (4.5 cents per package of 20 cigarettes). The revenue must be used for construction of a sports facility. Cuyahoga County adopted a tax of 4.5 cents per package as of August 1, 1990. (See **CIGARETTE TAX-COUNTY.**)

### HISTORY OF MAJOR CHANGES

<u>Year</u>	<u>Total Tax Rate Per Pack of 20</u>
1931 • Tax enacted.	2 cents
1956 • 1 cent rate increase.	3
1959 • 2 cents rate increase.	5
1969 • 5 cents rate increase.	10
1971 • 5 cents rate increase. • Cigarettes exempted from sales tax.	15
1981 • 1 cent rate decrease. • Cigarettes made subject to sales tax.	14
1983 • Tax changes to a per cigarette rate of 0.7 cent.	14

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### HISTORY OF MAJOR CHANGES (con't.)

<u>Year</u>		<u>Total Tax Rate Per Pack of 20</u>
1986	• Counties authorized to levy permissive cigarette tax for funding the building of a sports facility	14 cents
1987	• 0.2 cent per cigarette increased.	18
1991	• All cigarette tax revenues to be allocated to the General Revenue Fund when capital improvement bonds are retired in 1992.	18
1992	• As of January 1, 1992, taxpayers no longer allowed 30 day credit on purchases of tax stamps and meter impressions. • Other tobacco product tax enacted at 17% of the wholesale price. • 0.3 cent per cigarette increased.	24
1994	• Taxpayers allowed 30 day credit on purchases of tax stamps and meter impressions from July 1 to April 30 of each year.	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.	24
2001	• Reduced minimum allowable cigarette stamp discount rate from 3.6% to 1.8%.	24

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### COMPARISON WITH OTHER STATES (AS OF 12/02)

<u>State</u>	<u>Cigarette Tax Rate Per Pack of 20 (amount in cents)</u>	<u>Other Tobacco Product Rates (percent of wholesale price)</u>
California	87.0 <sup>(1)</sup>	54.89%
Florida	33.9	25.0 <sup>(2)</sup>
Illinois <sup>(3)</sup>	98.0	18.0
Indiana	55.5	15.0
Kentucky	3.0	--
Massachusetts <sup>(4)</sup>	151.0	75.0
Michigan	125.0	16.0
New Jersey	150.0	48.0
New York <sup>(5)</sup>	150.0	20.0
<b>Ohio</b>	<b>55.0</b>	<b>17.0</b>
Pennsylvania	100.0	--
Texas	41.0	35.213 <sup>(6)</sup>
West Virginia	17.0	--

<sup>(1)</sup> Includes an additional 50 cent tax on cigarettes.

<sup>(2)</sup> Tax on smoking tobacco, chewing tobacco, and snuff.

<sup>(3)</sup> There is a "like" use tax of 58 cents per pack of unstamped cigarettes.

<sup>(4)</sup> There is a separate 15% rate on cigars and smoking tobacco.

<sup>(5)</sup> There is a "like" use tax of 56 cents per pack of unstamped cigarettes.

<sup>(6)</sup> Cigars are taxed at 1.5 cents per cigar.