

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.
- Other tobacco products including cigars, chewing tobacco, snuff, and smoking tobacco.

Rates

- Cigarettes: 2.75 cents per cigarette (55 cents per pack of 20 cigarettes).
Rates increased to 6.25 cents per cigarette (\$1.25 per pack of 20 cigarettes) effective July 1, 2005.
- Other tobacco products: 17% of wholesale price.

Major Exemptions

None.

Revenue (In Millions)

Fiscal

Year	Total
2001	\$282.5
2002	281.3
2003	599.9*
2004	557.5
2005	577.7

Note: *Includes floor tax of \$35.3 million.

Disposition of Revenue

General Revenue Fund.

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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 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 0.225 cent(s) 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).

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

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- 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
- 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 • 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 0.3 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

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- 2002 • Rate increase of 1.55 cents per cigarette effective July 1. 55 cents
- 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

Comparisons with Other States (As of 01/06)

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	98.0	18.0
Indiana	55.5	18.0
Kentucky	30.0	7.5
Massachusetts	\$1.51	30.0(2)
Michigan	2.00	32.0
New Jersey	2.40	30.0
New York(3)	1.50	37.0
Pennsylvania	1.35	—
Texas	41.0 cents	35.213(4)
West Virginia	55.0	7.0

Notes: (1)Tax is levied on smoking tobacco, chewing tobacco, and snuff. (2)Tax is levied on smoking tobacco and cigars. There is also a tax on smokeless tobacco of 90% of the wholesale price. (3)There is also a use tax of \$1.50 per pack on unstamped cigarettes. (4)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.