

Cigarette and Other Tobacco Products Taxes

Taxpayer

For cigarettes, taxpayers consist of cigarette dealers (primarily wholesalers), who must be licensed and who pay the tax by purchasing tax indicia (stamps or impressions). The indicia must be affixed to all packs of cigarettes before sale at retail.

For other tobacco products, the taxpayers are distributors that sell to retail dealers, wholesale dealers, and retail dealers that receive untaxed products.

Tax Base

The base of these taxes is cigarettes and other tobacco products. Other tobacco products include cigars, chewing tobacco, snuff and smoking tobacco, and other products.

Rates

The cigarette tax rate is 6.25 cents per cigarette (\$1.25 per pack of 20 cigarettes).

The other tobacco products tax rate is 17 percent of the wholesale price.

Major Exemptions

None.

Revenue

(In Millions)

Fiscal Year	Total
2008	\$950.9
2009	924.8
2010	886.9
2011	855.6
2012	825.3

Disposition of Revenue

General Revenue Fund.

Payment Dates

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

Dealers of other tobacco products file returns by the end of the month for the previous

month's liability or by April 30, July 31, Oct. 31, and Jan. 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 percent of face value of the purchase of tax stamps or impressions as a commission for affixing and canceling them. The current applicable discount rate is 1.8 percent.

For other tobacco products dealers, a 2.5 percent discount is given for timely payment.

Two local cigarette tax levies are in place in Cuyahoga County. For details, see the **Cigarette Tax – County** chapter.

Sections of Ohio Revised Code

Chapter 5743.

Responsibility for Administration

Tax Commissioner.

History of Major Changes

Year		State rate per 20 pack
1893	Legislature enacts annual tax of \$300 on wholesalers and \$100 on retailers.	---
1894	Annual tax is lowered to \$30 annually for wholesalers and \$15 for retailers.	---
1920	Annual tax is hiked to \$200 for wholesalers and \$50 for retailers.	---
1931	Legislature enacts modern cigarette tax, including use of stamps. Wholesale and retail license fees fall to \$100 and \$25, respectively.	Two cents
1956	Rate increases by one cent.	Three cents
1959	Rate increases by two cents.	Five cents
1969	Rate increases by five cents.	10 cents

1971	Rate increases by five cents; cigarettes are exempted from sales tax.	15 cents
1981	Rate is cut by one cent; cigarettes again subject to sales tax.	14 cents
1983	Tax is modified to a per-cigarette rate of 0.7 cents.	14 cents
1987	Rate increases by 0.2 cents per cigarette.	18 cents
1991	All cigarette tax revenues are allocated to the General Revenue Fund when capital improvement bonds retired in 1992.	18 cents
1992	Legislature enacts tax on other tobacco products at 17 percent of the wholesale price; cigarette rate increases by 0.3 cents per cigarette.	24 cents
2001	Minimum stamp discount rate is lowered from 3.6 percent to 1.8 percent.	24 cents
2002	General Assembly hikes rate by 1.55 cents per cigarette effective July 1.	55 cents
2005	House Bill 66 includes a rate increase of 3.5 cents per cigarette effective July 1.	\$1.25
2009	House Bill 1 increases annual license fees for cigarette wholesalers and tobacco distributors to \$1,000 (from \$200 and \$100, respectively) and for retailers to \$125 per place of business (from \$30 for the first five places and \$25 for each additional place). Sixty percent of this revenue is allocated for enforcement, 30 percent to the political subdivision where the business is located, and 10 percent to the county.	\$1.25

Comparisons with Other States

(As of September, 2012)

In the table below, cigarette tax rates are expressed in dollars per pack of 20. Taxes on other tobacco products – such as chewing tobacco and smokeless tobacco products – are expressed as a percentage of the wholesale price, unless noted. Some states apply special tax rates to additional types of tobacco products, such as cigars, rolling papers and loose tobacco; those rates are too numerous to note here.

State	Cigarette rate	Other tobacco products rate
California	\$0.87	30.68%
Florida	1.339	85%
Illinois	1.98	36%
Indiana	0.995	24%
Kentucky	0.60	15% ¹
Massachusetts	2.51	30% ²
Michigan	2.00	32%
New Jersey	2.70	30% ³
New York	4.35	75% ⁴
Ohio	1.25	17%
Pennsylvania	1.60	none
Texas	1.41	\$1.19 per oz
West Virginia	0.55	7%

¹ In Kentucky, snuff is taxed at a rate of 19 cents per 1.5 ounce unit.

² In Massachusetts, snuff and smokeless tobacco are taxed at 90 percent of the wholesale price.

³ In New Jersey, moist snuff is taxed at a rate of 75 cents per ounce.

⁴ In New York, snuff is taxed at a rate of \$2 per ounce.