



Ohio Legislative Service Commission

Bill Analysis

Joe McDaniels

S.B. 250

129th General Assembly
(As Introduced)

Sen. Tavares

BILL SUMMARY

- Increases the state excise tax on tobacco products other than cigarettes to 55% of the wholesale price.
- Adds dissolvable tobacco to the list of tobacco products subject to the state tax on tobacco products.

CONTENT AND OPERATION

State tax on tobacco products

The bill increases the state excise tax on tobacco products other than cigarettes and adds dissolvable tobacco to the list of products subject to the tax. Under current law, the state levies an excise tax at a rate of 17% of the wholesale price on snuff and all other products produced from tobacco, not including cigarettes, that are made for smoking, chewing, or both.¹ This includes cigars and various forms of loose tobacco. The "wholesale price" incorporates all federal excise taxes and does not include any discounts based on method of payment, time of payment, or status as an affiliated distributor.² The tax applies to all tobacco products manufactured in Ohio or imported into Ohio. The tax is paid by distributors, wholesalers, or retailers who are licensed as tobacco product distributors or any other person who receives tobacco products in Ohio if no one else has paid the tax. Taxpayers that timely file the tax return and pay all tax

¹ R.C. 5743.51, 5743.62, and 5743.63.

² R.C. 5743.01(K).

due receive a 2.5% discount on the tax.³ All revenue from the tax is credited to the state General Revenue Fund.

The bill increases the rate of tax on tobacco products to 55% of the wholesale price.⁴

The bill also adds dissolvable tobacco to the list of products subject to the state tax on tobacco products.⁵ According to the Department of Taxation, dissolvable tobacco products are not taxed under the current definition of "other tobacco products," which includes only tobacco products designed for smoking and chewing, as well as snuff.

HISTORY

ACTION	DATE
Introduced	11-08-11

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³ R.C. 5743.52.

⁴ R.C. 5743.51, 5743.62, and 5743.63 of the bill.

⁵ R.C. 5743.01(J) of the bill.

