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## Finance Committee

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### HB 1416

**Brief Description:** Increasing tobacco and vapor products taxes.

**Sponsors:** Representatives Reeves, Davis, Pollet, Duerr, Parshley, Peterson, Gregerson, Fey, Ormsby, Hill, Macri and Scott.

Brief Summary of Bill
<ul style="list-style-type: none"><li>• Establishes a new cigarette tax.</li><li>• Increases the tobacco products tax.</li><li>• Increases the vapor products tax.</li></ul>



**Hearing Date:** 2/20/25

**Staff:** Rachelle Harris (786-7137).

#### **Background:**

##### Cigarette Tax.

Two separate state taxes are imposed on the sale, use, consumption, handling, possession, or distribution of all cigarettes. One is at the rate of 12.125 cents per cigarette. The other tax is 3 cents per cigarette, and the revenues from which are deposited into the state general fund. This creates a total tax rate of \$0.15125 per cigarette, or \$3.025 per pack. This is in addition to retail sales and use, business and occupation, and litter taxes that may apply.

##### Tobacco Products Tax.

Taxes are imposed on the sale, handling, or distribution of all tobacco products at the following rates:

- for cigars except little cigars, 95 percent of the taxable sales price of cigars, not to exceed 65 cents per cigar;

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- for little cigars, \$0.15125 per stick;
- for moist snuff:
  - cans that weigh 1.2 oz or less, \$2.526 per can; or
  - cans that weigh more than 1.2 oz, \$2.105 per oz; and
- or all other tobacco products, 95 percent of the taxable sales price.

The other tobacco products taxes are deposited into the state general fund. The tobacco products tax is in addition to retail sales and use, business and occupation, and litter taxes that may apply.

#### Vapor Products Tax.

Vapor products are subject to normal sales and use taxes as well as a vapor products tax. The vapor products tax is on sale, use, consumption, handling, possession, or distribution of vapor products subject to taxation as follows:

- 9 cents per milliliter of liquid or solution for accessible containers of liquid solution that are larger than 5 milliliters; or
- 27 cents per milliliter of liquid solution for all other vapor products.

Revenues from the vapor products tax are evenly split between the Andy Hill Cancer Research Endowment Fund match transfer account and the Foundational Public Health Services account.

Vapor products include electronic cigarettes, cigars, cigarillos, pipes, or similar products or devices, cartridges or containers of liquid nicotine, solution, or other consumable substances, regardless of whether they contain nicotine.

#### **Summary of Bill:**

A new cigarette tax of \$0.015 per cigarette, or 30 cents per pack, is imposed. Revenues collected are deposited into the state general fund. This is in addition to existing cigarette taxes.

The vapor products tax is increased as follows:

- 10 cents per milliliter of liquid or solution for accessible containers of liquid solution that are larger than 5 milliliters; or
- 30 cents per milliliter of liquid solution for all other vapor products.

Tobacco products taxes are increased as follows:

- for cigars except little cigars, 95 percent of the taxable sales price of cigars, not to exceed 72 cents per cigar;
- for little cigars, \$0.16625 per stick;
- for moist snuff:
  - for cans that weigh 1.2 oz or less, \$2.776 per can; or
  - for cans that weigh more than 1.2 oz, \$2.313 per oz; and
- for all other tobacco products, 100.05 percent of the taxable sales price.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on October 1, 2025.