
Finance Committee

HB 2382

Brief Description: Concerning excise taxes on cigarettes, vapor products, and tobacco products.

Sponsors: Representatives Parshley, Ryu, Reed, Doglio, Macri, Thai and Pollet.

Brief Summary of Bill

- Increases the cigarette tax by \$2.00 per pack and directs moneys from this additional amount of the tax to fund: a time sensitive emergency system administered by the Department of Health; enforcement by the Liquor and Cannabis Board; the Foundational Public Health Services (FPHS) Account; and the General Fund.
- Restructures the vapor products tax to be 95 percent of the taxable sales price, replacing the milliliter tax.
- Modifies the other tobacco products tax by: (1) increasing the cap on cigars to 85 cents per cigar, from 65 cents per cigar; (2) increasing the tax on little cigars and moist snuff; (3) reducing, by half, the tax reduction allowance for products issued a modified risk tobacco product order; and (4) directing 10 percent of collections into the FPHS Account starting July 1, 2028.
- Adds uses to the FPHS Account.

Hearing Date: 1/30/26

Staff: Peter Clodfelter (786-7127).

Background:

Cigarette Tax.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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. This creates a total tax rate of 15.125 cents 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. Cigarette taxes are deposited to the General Fund.

Vapor Products Tax.

Vapor products are subject to 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.

The moneys collected from the vapor products tax must be deposited as follows:

- 50 percent into the Andy Hill Cancer Research Endowment Fund Match Transfer Account (Andy Hill Account); and
- 50 percent into the Foundational Public Health Services (FPHS) Account.

However, vapor products tax collections into the Andy Hill Account are capped at \$10 million per year, and amounts over this must be deposited into the FPHS Account. Effective January 1, 2026, the other tobacco products tax, instead of the vapor products tax, is being applied to vapor products with nicotine.

Other Tobacco Products Tax.

There is levied and collected a tax upon the sale, handling, or distribution of all tobacco products at the following rate:

- for cigars except little cigars, 95 percent of the taxable sales price of cigars, not to exceed 65 cents per cigar;
- for little cigars, an amount per cigar equal to the cigarette tax;
- for all tobacco products except those covered under separate provisions, 95 percent of the taxable sales price; and
- for moist snuff, \$2.526 per unit or 83.5 percent of cigarette tax rate.

However, the tax imposed on a product must be reduced by 50 percent or 25 percent if that same product is issued a modified risk tobacco product order by the Secretary of the United States Department of Health and Human Services under different federal standards.

The other tobacco products tax is imposed at the time the distributor:

- brings, or causes to be brought, tobacco products for sale into Washington;
- makes, manufactures, fabricates, or stores tobacco products in Washington for sale in Washington;
- ships or transports tobacco products to retailers in Washington, to be sold by those retailers; or

- handles for sale any tobacco products that are within Washington but upon which tax has not been imposed.

Tobacco products taxes must be deposited into the General Fund.

Foundational Public Health Services Account.

Moneys in the FPHS Account must be used to fund foundational health services.

Statewide Emergency Medical Services and Trauma Care System Act.

A 1990 law required the Department of Health (DOH), in consultation with a steering committee, to establish the Washington State Emergency Medical Services and Trauma Care System. This includes a statewide plan that identifies statewide emergency medical services and trauma care objectives and priorities and identifies equipment, facility, personnel, training, and other needs required to create and maintain a statewide emergency medical services and trauma care system. Any hospital or health care facility that desires to be authorized to provide a designated trauma care service must request designation from the DOH.

The law also directed the DOH to establish a statewide data registry to collect and analyze data on the incidence, severity, and causes of trauma, including traumatic brain injury. A 2010 law directed the DOH to endeavor to enhance and support an emergency cardiac and stroke care system, including giving a hospital deemed status and designating it as a primary stroke center, and adopting cardiac and stroke prehospital patient care protocols, patient care procedures, and triage tools.

Summary of Bill:

Cigarette Tax.

Effective July 1, 2026, in addition to the current cigarette tax, an additional tax is imposed upon the sale, use, consumption, handling, possession, or distribution of cigarettes, at a rate of 10 cents per cigarette, which is \$2.00 per pack.

From this additional tax:

- directs the first \$10 million per fiscal year to an appropriated Time Sensitive Emergency System Account, to be used by the DOH to fund a time sensitive emergency system, including for heart attack, cardiac arrest, and stroke, and activities under the Statewide Emergency Medical Services and Trauma Care System Act;
- directs the next \$2 million per fiscal year to an appropriated Supplemental Nicotine and Tobacco Enforcement Account, to be used by the Liquor and Cannabis Board for enforcement of laws regulating the sale and taxation of cigarettes, tobacco products, and vapor products;
- directs the remainder of the revenues to the General Fund until June 30, 2028; and
- beginning July 1, 2028, directs 10 percent of revenues above the first \$12 million per Fiscal Year to be deposited into the FPHS Account, with the remainder to the General Fund.

Vapor Products Tax.

Effective July 1, 2026, the vapor products tax is restructured from a milliliter tax, to a tax of 95 percent of the taxable sales price, upon the sale, use, consumption, handling, possession, or distribution of all vapor products.

Other Tobacco Products Tax.

Effective July 1, 2026, the other tobacco products tax is modified by:

- increasing the cap on cigars to 85 cents per cigar from 65 cents per cigar;
- increasing the tax on little cigars and moist snuff to the new cigarette tax rate;
- reducing by half, the tax reduction allowance for products issued a modified risk tobacco product order; and
- directing that 10 percent of the tobacco products tax collections be deposited into the FPHS Account starting in fiscal year 2029, instead of entirely to the General Fund.

Foundational Public Health Services Account.

In addition to funding foundational health services, the uses of funds in the FPHS Account are modified to fund education about the health risks and harms associated with the use of cigarettes, tobacco products, and vapor products and cessation services for persons seeking to stop the use of cigarettes, tobacco products, or vapor products.

Appropriation: None.

Fiscal Note: Requested on January 9, 2026.

Effective Date: The bill takes effect on July 1, 2026.