

Cigarette and Other Tobacco Products Tax

Taxpayer

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

Tax Base

- Cigarettes.
- Cigars, chewing tobacco, snuff, smoking tobacco, and other tobacco products.

Rates

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

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

Major Exemptions

None.

Revenue (In Millions)

Fiscal Year	Total
2004	\$557.5
2005	577.7
2006	1,084.1
2007	986.3
2008	950.9

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 cancelling 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.

Counties may levy taxes of up to 0.225 cents 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 Aug. 1, 1990 (see the **Cigarette Tax – County** chapter).

Counties with a population of 1.2 million or more may levy an additional tax of up to 1.5 cents per cigarette (30 cents per pack of 20 cigarettes) to fund a regional arts and cultural district. Cuyahoga County voters approved such a tax at 30 cents per pack effective Feb. 1, 2007 (see the **Cigarette Tax – County** chapter).

Sections of Ohio Revised Code

Chapter 5743.

Responsibility for Administration

Tax Commissioner.

History of Major Changes

Year		State Tax Rate Per Pack of 20
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 exempted from sales tax.	15 cents
1981	Rate is cut by one cent; cigarettes again subject to sales tax.	14 cents

Year		Total State Tax Rate Per Pack of 20
1983	Tax is modified to a per-cigarette rate of 0.7 cents.	14 cents
1987	Rate increases 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	Rate is hiked by 1.55 cents per cigarette effective July 1.	55 cents
2005	Rate increase of 3.5 cents per cigarette effective July 1.	\$1.25

Comparisons with Other States (As of 12/08)

State	Cigarette Tax Rate Per Pack of 20	Other Tobacco Products Rate
California	\$0.87	45.13%
Florida	0.339	25.0
* Illinois	0.98	18.0
Indiana	0.995	24.0
Kentucky	0.60 (effective 04/01/09)	15.0 ¹
Massachusetts	2.51	30.0
Michigan	2.00	32.0
New Jersey	2.575	30.0
* New York	2.75	37.0 ²
Ohio	1.25	17.0
Pennsylvania	1.35	-
Texas	1.41	40.0
West Virginia	0.55	7.0

Cigarette tax rates are expressed in dollars; taxes on other tobacco products – such as chewing tobacco and smokeless tobacco products – are expressed as a percentage of the wholesale price. 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. States marked with an asterisk (*) apply a use rate on unstamped cigarettes equal to the cigarette tax rate.

1 Snuff is taxed at a rate of 19 cents per unit.

2 Snuff is taxed at a rate of 96 cents per ounce.