



## NOTICE OF PROPOSED RULEMAKING INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150  
**DEPARTMENT OF REVENUE**

**FILED**

10/29/2025 4:35 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE

FILING CAPTION: Provides guidance on reporting the tobacco tax on Oral Nicotine Products.

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 11/18/2025 5:00 PM

*The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.*

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Filed By:  
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### HEARING(S)

*Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.*

DATE: 11/18/2025

TIME: 10:00 AM

OFFICER: Joil Southwell

### REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 503-446-4951

#### SPECIAL INSTRUCTIONS:

Join by video: <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting>

Meeting ID: 236 933 801 924 6

Passcode: 3L2cg2xt

Join meeting by phone:

+1 503-446-4951

Phone conference ID: 522 923 218#

### NEED FOR THE RULE(S)

150-323-0307- Provides guidance on reporting the tobacco tax on oral nicotine products to retailers and tobacco distributors for untaxed inventory on or after January 1, 2026.

### DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

ORS Chapter 323: [https://www.oregonlegislature.gov/bills\\_laws/ors/ors323.html](https://www.oregonlegislature.gov/bills_laws/ors/ors323.html)

ORS Chapter 431A: [https://www.oregonlegislature.gov/bills\\_laws/ors/ors431A.html](https://www.oregonlegislature.gov/bills_laws/ors/ors431A.html)

OAR 150-323-0500: <https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=283866>

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STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

This rule is not anticipated to directly impact racial equity in the state. The rule applies to all retailers and distributors of oral nicotine products in the state.

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FISCAL AND ECONOMIC IMPACT:

Retailers of oral nicotine products who are not licensed Oregon tobacco distributors will be required to file a one-time return reporting any untaxed oral nicotine products they have in inventory as of January 1, 2026. Retailers will be required to purchase taxed oral nicotine products from licensed Oregon tobacco distributors after January 1, 2026. Licensed Oregon tobacco distributors will pay tax on distributions of oral nicotine products occurring on or after January 1, 2026.

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COST OF COMPLIANCE:

*(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).*

(1) There is no direct impact to state agencies, units of local government, and members of the general public. However, distributors of oral nicotine products must pay the tax upon distribution of those products, and retailers in possession of untaxed oral nicotine products must pay tax on products in their possession the items may be declared contraband and subject to seizure.

(2)(a) There are approximately 1,200 small businesses impacted by this rule. Retailers of oral nicotine products and distributors of oral nicotine products will be impacted. Not all retailers stock oral nicotine products and not all distributors will use these products, however the rule is generally applicable throughout the state.

(b) Distributors of oral nicotine products must report and pay tax on distributions of these products, and retailers are required to conduct an inventory of their untaxed oral nicotine products and report that tax to the department. Retailers previously reported Inhalant Delivery Systems in 2021 and the same return will be required. Retailers may hire a third party to assist in filing these returns.

(c) Retailers are required to conduct an inventory of their untaxed Oral Nicotine products and report that tax to the department, which will require tracking the configuration of packages and the number of units in each package. No specific equipment is required to conduct this inventory (i.e. the department is not requiring retailers file this inventory electronically).

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DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Small businesses were included in the rule development with membership on the Rules Advisory Committee and the public comment period.

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WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

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ADOPT: 150-323-0307

RULE SUMMARY: Provides guidance on reporting the tobacco tax on Oral Nicotine Products.

CHANGES TO RULE:

150-323-0307

Oral Nicotine Products

(1) Definitions.

(a) In addition to the definitions in ORS 323.500, the following definitions apply to this rule.

(b) "Department" means the Oregon Department of Revenue.

(c) "Form 531" means the Oregon Quarterly Tax Return for Tobacco Products (for non-licensed individual or business).

(d) "Noncombustible" means the oral nicotine product is designed and marketed to be consumed via the oral cavity by means other than combustion, vaporization, or aerosolization.

(e) "Package" means the smallest separable container of discrete consumable units.

(2) Reporting existing inventory.

(a) A retail dealer in possession of untaxed oral nicotine products on or after January 1, 2026, is responsible for reporting the oral nicotine products in their possession using Form 531 by April 30, 2026, and for paying the tobacco products tax on those oral nicotine products by the same date. Retail dealers in possession of these items must maintain records sufficient to demonstrate that these oral nicotine products have been reported and the tax on such oral nicotine products has been paid.

(b) Examples of records sufficient to show the tax has been paid on oral nicotine products include sales invoices or receipts accompanied by a log of items in the possession of the retail dealer on January 1, 2026.

(3) A retail dealer in possession of untaxed oral nicotine products on or after May 1, 2026, may be subject to one or more of the following.

(a) Civil penalties as described in OAR 150-323-0420 and OAR 150-323-0430;

(b) Assessment of tobacco tax and penalty under ORS 323.538(4); or

(c) A declaration that their inventory is contraband and subject to seizure and destruction.

(4) A retail dealer or licensed tobacco distributor shall determine the amount of tax due for each package as described in this section.

(a) For each package containing 20 or fewer noncombustible discrete consumable units, the tax due to the department shall be calculated by multiplying the number of packages distributed during the quarter by \$0.65 (65 cents).

(b) For each package containing more than 20 noncombustible discrete consumable units, the tax due to the department shall be calculated by multiplying the total number of noncombustible discrete consumable units in each package by \$0.0325 (3.25 cents), rounded to the nearest whole cent, and then multiplied by the number of packages distributed during the quarter.

(c) If multiple sealed packages of noncombustible discrete consumable units are marketed or sold together, the tax due is calculated by determining the rate applicable to each individually sealed package of noncombustible discrete consumable units. For example, five separately sealed packages of 15 noncombustible discrete consumable units that are sold together as a five-pack is taxed at the rate applicable to five packages of 15 noncombustible discrete consumable units (5 x \$0.65 = \$3.25).

Statutory/Other Authority: ORS 305.100, 323.575

Statutes/Other Implemented: ORS 323.500, Oregon Laws 2025, Chapter 581