

# Cigarette Tax

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RCW Chapter 82.24

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**Tax Base** The sale, use, consumption, handling, possession, or distribution of cigarettes. The tax applies on the first such taxable event that occurs within the state.

Retail sales and use tax also apply to the total retail value, including the value of the cigarette tax.

Tax exemptions may reduce the tax liability for this tax base. For more information refer to the [Tax Exemption Study](#).

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**Tax Rate** The total state cigarette tax rate is currently \$3.025 per pack of 20 cigarettes. The state tax rate and authorizing statutes are:

- \$2.425 - RCW 82.24.020(1)
- \$0.60 - RCW 82.24.026

In 2005, the state and the Puyallup Indian Tribe entered into an agreement related to tribal cigarette taxes. Codified as RCW 43.06.465, the Puyallup tribal cigarette tax is currently imposed at a rate of \$2.775 per pack of 20 and is in lieu of the state cigarette tax and state/local retail sales taxes.

Note: The state has agreements with 23 other tribes which provide, after an initial phase-in period, for tribal cigarette taxes equivalent to the state cigarette tax plus state/local retail sales taxes. Tribal cigarette tax revenues are used for tribal governmental purposes.

Additionally, the federal government levies a tax of \$1.01 per pack on cigarette manufacturers.

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Recent Collections (\$000)	Fiscal Year	Collections	% Change	% of All State Taxes
	2016	\$391,487	-1.8%	2.2%
	2015	\$398,823	1.7%	2.4%
	2014	\$392,291	-3.6%	2.4%
	2013	\$406,914	-4.2%	2.7%
	2012	\$424,815	-1.9%	2.9%
	2011	\$432,823	11.5%	3.0%
	2010	\$388,032	-1.1%	2.9%
	2009	\$392,429	-6.8%	2.6%
	2008	\$421,138	1.7%	3.0%
	2007	\$414,212	-5.0%	2.7%

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**Distribution of Receipts**

Since July 1, 2010, all state cigarette tax revenues are deposited into the State General Fund.

The state also receives revenues from the cigarette tax levied by the Puyallup Indian Tribe. The agreement provides that 30 percent of tribal cigarette tax receipts go to the State General Fund.

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**Levied by**

State

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**Administration**

Department of Revenue.

- The tax is paid by the purchase of stamps that are affixed to each package of cigarettes by stamping wholesalers and operators of retail roll-your-own facilities.
  - Wholesalers subject to the cigarette tax receive a stamping allowance of \$6 per 1,000 stamps as compensation for the cost of affixing stamps. Roll-your-own retail businesses receive a stamping allowance of 5 cents per cigarette.
  - All enforcement activities related to cigarette tax are performed by the Liquor and Cannabis Board.
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- History**
- 2012 A tax stamp was created to facilitate collection of the cigarette tax owed on those cigarettes rolled by consumers using machines in roll-your-own retail establishments. Roll-your-own cigarettes were specifically included in the definition of cigarettes.
  - 2011 Legislation eliminated the earmarking of 51.6 cents per pack of cigarette tax revenues for the Education Legacy Account, with a retroactive effective date of July 1, 2010.
  - 2010 The cigarette tax rate was increased from \$2.025 per pack to \$3.035. The amount dedicated to the Education Legacy Account increased from 42.9 cents a pack to 51.6 cents.
  - 2009 Eliminated earmarking cigarette tax revenues to various dedicated accounts except for the Education Legacy Account.
  - 2005 An additional tax of 60 cents per pack was levied, dedicated to the education legacy account in support of educational programs, making the total rate \$2.025 per pack. Four tribal contracts were authorized, including the unique Puyallup contract which requires the distribution of 30 percent of the tribal tax receipts to the state.
  - 2001 Legislation allowed the state to enter into contracts with 16 Indian tribal authorities relating to the imposition of tribal cigarette taxes. The contracts would provide for tribal cigarette taxes equivalent to the state cigarette and retail sales taxes, thereby providing revenues for tribal services and reducing the incentive for state tax evasion.
  - 2001 The cigarette stamping allowance was increased from \$4 to \$6 per 1,000 stamps.
  - 2001 Voters approved Initiative 773, imposing an additional tax of 60 cents per pack, most of which was dedicated to health care. The total rate rose to \$1.425 per pack.
  - 1999 The 8-cent portion of the tax dedicated to water quality was diverted for two years, one-half to a new salmon recovery account and the rest to the violence reduction and drug enforcement account.
  - 1997 Cigarette tax enforcement was shifted from Department of Revenue to the Liquor and Cannabis Board.

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### 1993-1996

The tax rate increased in four annual steps: from 34 cents per pack to 54 cents in 1993, to 56.5 cents in 1994, to 81.5 cents in 1995, and to a total of 82.5 cents in 1996. Of these tax increases, 41 cents per pack were dedicated to health care and 7.5 cents to drug enforcement.

Tighter administrative controls were implemented to reduce illegal cigarette sales.

- 1989 The rate increased from 31 to 34 cents per pack, with the additional three cents earmarked for drug education and enforcement programs.
- 1986 The tax rate increased from 23 to 31 cents per pack, with the additional eight cents earmarked for water quality programs. There were also revisions to the Unfair Cigarette Sales Act.
- 1983 The surtaxes were made permanent.
- 1982 Surtaxes increased the rate to 23 cents per pack.
- 1981 The rate increased from 16 to 20 cents per pack.
- 1975 An exemption for possession of two cartons of unstamped cigarettes was repealed, strengthening cigarette tax enforcement.
- 1972 A 1949 bond for veterans' bonuses, funded by a 2-cent per pack tax, was retired. The 2-cent tax was directed to the general fund in 1977 when compensation was fully paid.
- 1971 The rate increased to 16 cents per pack.
- 1965 The rate increased to 11 cents per pack.
- 1961 The rate increased to 7 cents per pack.
- 1959 The rate increased from 5 to 6 cents per pack.
- 1955 An additional tax of 5% of the retail price was imposed, about one cent per pack. Receipts were dedicated to the public school building bond redemption fund until the bonds were retired, then to the general fund.
- 1949 The rate increased from 2 to 4 cents per pack, with the additional receipts earmarked for retirement of bonds issued to pay compensation to war veterans.

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1939 The rate increased from 1 to 2 cents per pack.

1935 A cigarette tax was imposed at a rate of 1 cent per pack.

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