

# 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 and on the first taxable person in the state.

Tax exemptions may reduce these taxes.

For more information refer to the [Tax Exemption Study](#).

This tax is in addition to retail sales, use, business and occupation and litter taxes that may apply.

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**Tax Rate** The cigarette tax rate is \$0.15125 per cigarette which equates to:

- \$3.025 per package of 20.
- \$3.78125 per package of 25.
- \$30.25 per carton.

Of the 29 federally recognized tribes located in Washington, the Department of Revenue (on behalf of the governor) entered into cigarette tax compacts with 27. Tribes may impose a tribal cigarette tax in lieu of the state cigarette tax.

The federal government also levies a tax on cigarette manufacturers. The federal cigarette tax is \$1.01 per pack.

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**Recent Collections (\$000)**

State Cigarette Tax Collections:

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$317,992	-2.1%	1.1%
2020	\$324,855	-6.0%	1.2%
2019	\$345,688	-3.3%	1.3%
2018	\$357,445	-5.4%	1.5%
2017	\$377,899	-3.5%	1.7%
2016	\$391,487	-1.8%	1.9%
2015	\$398,823	1.7%	2.1%
2014	\$392,291	-3.6%	2.2%
2013	\$406,914	-4.2%	2.4%
2012	\$424,815	-1.9%	2.6%

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Shared Tribal Cigarette Tax Collections:

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$11,028	69.8%	0.04%
2020	\$6,495	-26.3%	0.02%
2019	\$8,814	-4.9%	0.03%
2018	\$9,271	0.4%	0.04%
2017	\$9,236	0.7%	0.04%
2016	\$9,175	13.6%	0.05%
2015	\$8,078	-1.6%	0.04%
2014	\$8,207	0.2%	0.05%
2013	\$8,190	7.4%	0.05%
2012	\$7,624	-4.2%	0.05%

**Distribution of Receipts**

The general fund receives all cigarette tax receipts.

Washington compacts with the Puyallup Tribe of Indians and the general fund receives 30% of tribal cigarette tax receipts.

**Levied by**

State

**Administration**

Department of Revenue

Distributors must obtain a license to purchase, sell or distribute cigarettes, which includes a criminal background check and filing a bond with the Department of Revenue.

Cigarette retailers, vending machines, and commercial cigarette making machines require separate licenses.

Wholesalers and operators of retail roll-your-own facilities purchase stamps and affixed them to each package of cigarettes to pay the tax.

- Washington state provides compensation to businesses for affixing stamps:
- Wholesalers receive a stamping allowance of \$6 per 1,000 stamps.
  - Roll-your-own retail businesses receive an additional 5 cents per cigarette.

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- History**
- 2012 Created a tax stamp to facilitate collection of the cigarette tax owed on those cigarettes rolled by consumers using machines in roll-your-own retail establishments. Added Roll-your-own cigarettes specifically to the definition of cigarettes.
  - 2011 Eliminated the earmarking of cigarette tax revenues for the Education Legacy Account retroactive to July 1, 2010.
  - 2010 The cigarette tax rate increased to \$3.025 per pack. The amount dedicated to the Education Legacy Account increased to 51.6 cents per pack.
  - 2009 Eliminated the earmarking of cigarette tax revenues to various dedicated accounts except for the Education Legacy Account.
  - 2005 Added an additional tax of 60 cents per pack and dedicated the revenue to the Education Legacy Account in support of educational programs, making the total rate \$2.025 per pack. Washington entered into four tribal cigarette tax compacts, including the Puyallup Tribe of Indians compact which distributes 30% of the tribal tax receipts to the state.
  - 2001 Legislation allowed the state to compact with 16 Indian tribes relating to the imposition of tribal cigarette taxes. The compacts allow tribes to impose and collect cigarette taxes equal to the state cigarette and retail sales taxes, providing revenues for tribal services and reducing the incentive for state tax evasion.
  - 2001 The cigarette stamping allowance increased to \$6 per 1,000 stamps.
  - 2001 Voters approved Initiative 773, imposing an additional tax of 60 cents per pack, dedicating most of the increase to healthcare. The total rate increased to \$1.425 per pack.
  - 1999 Diverted the 8-cent portion of the tax dedicated to water quality for two years. Diverted half to a new Salmon Recovery Account and half to the Violence Reduction and Drug Enforcement Account.
  - 1997 Cigarette tax enforcement shifted from the Department of Revenue to the Liquor and Cannabis Board.
  - 1993-1996  
The tax rate increased in four annual steps: to 54 cents in 1993, to 56.5 cents in 1994, to 81.5 cents in 1995, and to 82.5 cents in 1996. Of these

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tax increases, healthcare received 41 cents and drug enforcement received 7.5. Implemented additional administrative controls to reduce illegal cigarette sales.

- 1989 The rate increased to 34 cents per pack, with the additional 3 cents earmarked for drug education and enforcement programs.
  - 1986 The tax rate increased to 31 cents per pack, with the additional 8 cents earmarked for water quality programs.
  - 1983 Made the surtaxes permanent.
  - 1982 Surtaxes increased the rate to 23 cents per pack.
  - 1981 The rate increased to 20 cents per pack.
  - 1975 Repealed an exemption for possession of two cartons of unstamped cigarettes.
  - 1972 Retired a 1949 bond for veterans' bonuses, funded by a 2 cent per pack tax. Directed the 2-cent tax to the general fund in 1977 when veteran 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 to 6 cents per pack.
  - 1955 Added an additional tax of 5% of the retail price. Dedicated the revenues to the Public School Building Bond Redemption Fund.
  - 1949 The rate increased to 4 cents per pack and dedicated the revenues to the retirement of bonds issued to pay compensation to veterans.
  - 1939 The rate increased to 2 cents per pack.
  - 1935 Added a cigarette tax at a rate of 1 cent per pack.
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