

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	SB680
Version:	ENGR
Request Number:	
Author:	Rep. Caldwell (Trey)
Date:	4/15/2025
Impact:	See Analysis Below

Research Analysis

The engrossed version of SB 680 adds that the term cigarette will include products intended to be heated or burned. The measure outlines a 50% stamp excise tax exemption for cigarettes intended to be heated rather than burned.

Prepared By: Suzie Nahach, House Research Staff

Fiscal Analysis

In its current form, SB680 expands the definition of cigarettes to include "products that are intended to be "heated or burned".

The Oklahoma Tax Commission has provided the following analysis:

ESTIMATED REVENUE IMPACT:

FY26 & FY27: Unknown minimal decrease in state sales tax revenues. Unknown minimal increase in cigarette excise tax revenues.

ANALYSIS: The measure expands the definition of cigarettes to include "products that are intended to be heated or burned". It establishes a 50% tax exemption for the sale of cigarettes designed to be heated rather than burned and mandates that the OTC issue stamps for these products before the effective date. Currently, these "heated cigarettes" may be subject to sales tax¹; however, the volume of such sales is unknown but is believed to be minimal. Consequently, this measure is expected to result in a minimal, indeterminate decrease in state sales tax revenues and an increase in cigarette excise tax revenues for FY26 and FY27.

ADMIN CONCERNS & Administrative Impact:

Implementing the measure is expected to require at least five months, which may present challenges in meeting the November 1, 2025 effective date. Additionally, it is anticipated to result in a one-time administrative cost of approximately **\$150,000 in FY26**.

¹ The OTC is evaluating the taxability of the product (heating device and cigarette) should this product be sold in the state of Oklahoma.

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.

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