

The Vapor Industry Matters to Business and Government in Vermont

Vermont is currently deciding whether to implement a ban on all flavored e-liquids used in vapor products sold in the 17 vape shops currently catering to adult smokers who are trying to quit smoking cigarettes. A flavor ban would be a mistake on many levels.

The vapor industry creates 282 jobs and about \$34.2 million in economic output in the Green Mountain State and generates over \$4.1 million in state and local taxes. The proposed ban will lead to significant economic harm in the state, and will likely force most of these small businesses to close.

Positive Economic Impact of the Vapor Industry in Vermont (2018)

(\$ in millions)	Direct	Supplier	Induced	Total
Jobs	159	47	77	282
Wages	\$5.4	\$2.4	\$3.4	\$11.2
Economic Impact	\$14.0	\$8.4	\$11.8	\$34.2
State and Local Taxes				\$4.1

Open System Vaping Devices and Flavor E-Liquids:

- Unlike the closed system products in which the FDA has just banned flavors, except for tobacco or menthol, 85.7 percent of open system e-liquids are flavored in some way.
- In addition, e-liquids are generally sold in adults only stores, where they are often also manufactured/mixed.

Banning the Sale of Flavored E-Liquids in Vermont Will Lead to Small Business Closures:

- A ban on the sale of all flavored vaping products, including menthol, would devastate Vermont small business with a resulting 88.7 percent reduction in their overall sales.
- As very few businesses can withstand such a reduction in revenues, it is likely that most of the 17 vape shops in Vermont would be forced out of business as a result of the proposed ban.

Lost Sales will Lead to Lost Jobs, Taxes and Economic Activity:

- Lost sales mean lost jobs. It is estimated that about 249 jobs in Vermont's vapor industry would disappear after a ban. People currently working in vape shops, for e-liquid manufacturers, and for firms that supply these companies or serve their employees would lose almost \$10 million in wages.
- Overall the economy of Vermont would be \$30.1 million smaller, and the state and local governments would collect \$3.6 million less in tax revenues.

Negative Economic Impact of a Flavor Ban in Vermont

(\$ in millions)	Direct	Supplier	Induced	Total
Jobs	-140	-41	-68	-249
Wages	-\$4.8	-\$2.1	-\$3.0	-\$9.9
Economic Impact	-\$12.3	-\$7.4	-\$10.4	-\$30.1
State and Local Taxes				-\$3.6

Banning the Sale of Flavored and Menthol Vapor Liquids in Vermont Will Not Dramatically Impact Use:

- A ban would not necessarily lead to less consumption of e-liquids in Vermont. Rather, 60.0 percent of the lost sales would transfer to bordering states, the internet, Native American reservations, or other jurisdictions not subject to the ban.
- The overall reduction in e-liquid use would be only 11.8 percent, meaning that the ban would actually not accomplish the goals, however ill-conceived, set out by its proponents.

It is clear that the state of Vermont should not succumb to panic policy making and ban the sale of products that already are illegal for sale to anyone under the age of 21.