

## **E-CIGARETTE TAXATION**

### **How Tobacco is Currently Taxed in Vermont**

- Tax imposed per quantity
  - Stamp Tax (154 mills per cigarette or little cigar (\$0.154 per cigarette or little cigar, \$3.08 per pack of 20, \$3.85 per pack of 25) and for each 0.0325 ounces of roll-your-own tobacco (approximately \$4.74 per ounce; 0.0325 ounces is approximate amount of tobacco in one cigarette)).
  - Snuff (\$2.57 per ounce, or fractional part thereof).
  - New smokeless tobacco (greater of: \$2.57 per ounce, or if packaged in quantities of less than 1.2 ounces, at \$3.08 per package).
  - Cigars with a wholesale price greater than \$2.17 but less than \$10.00: a tax of \$2.00 per cigar.
  - Cigars with a wholesale price of \$10.00 or greater: a tax of \$4.00.
  - Could be imposed on e-cigarettes as a tax per ml or per cartridge (can require manufacturers to state milliliters per cartridge).
- Wholesale price tax
  - 92% imposed on cigars with a wholesale price of \$2.17 or less.
  - How H. 47 currently proposes to tax e-cigarettes (liquid, nicotine based or not, and delivery devices sold separately for use with tobacco substitutes)

### **How Tobacco is Not Currently Taxed in Vermont**

- No retail price tax (other than the sales tax).
  - This would be a new tax if it were chosen method to tax e-cigarettes. Other states do not do this either.
- No tobacco tax currently depends on amount of nicotine in product.
  - This would be a new type of tax if it were chosen method to tax e-cigarettes. Other states do not do this either.

### How E-Cigarettes are Taxed in Other States

- Wholesale tax:
  - Alaska – Municipal excise tax, 45% or 55% of wholesale price, depending on location.
  - California – Statewide excise tax, 62.78% of wholesale price (as of July 1, 2018; tax on other tobacco products is set as equivalent tax of tax imposed on cigarettes).
  - Maryland – Municipal excise tax, 30% of wholesale price in Montgomery County.
  - Minnesota – Statewide excise tax, 95% of wholesale price (tax on one time use devices, and liquid/cartridge with nicotine; does not apply to reusable or refillable device or parts, or liquid with no nicotine).
  - Pennsylvania – Statewide excise tax, 40% of wholesale price (applies to electronic cigarettes and liquid, regardless of whether the liquid contains nicotine) (court decided it could not apply to component parts of an e-cigarette when parts are sold separately).
  - Washington D.C. – District excise tax, taxed at a rate equal to the tax imposed on pack of 20 cigarettes, expressed as percentage of average wholesale price of a package of 20 cigarettes (around 60% of wholesale price).
- Tax per ml or container or unit:
  - Delaware – Statewide excise tax, \$0.05 per ml of vapor product.
  - Illinois – Municipal excise tax: \$1.50 per container (or unit) and \$1.20 per ml of liquid nicotine in Chicago (not sure if these taxes are added, or if they apply separately) (Chicago is in Cook County; Cook County tax is added to Chicago tax); \$0.20 per ml of liquid nicotine in Cook County.
  - Kansas – Statewide excise tax, \$0.05 per ml of consumable material.
  - Louisiana – Statewide excise tax, \$0.05 per ml of consumable nicotine liquid solution.
  - New Jersey – Statewide excise tax, \$0.10 per ml of liquid nicotine.

- North Carolina – Statewide excise tax, \$0.05 per ml of consumable product.
- West Virginia – Statewide excise tax, \$0.075 per ml of e-cigarette liquid.