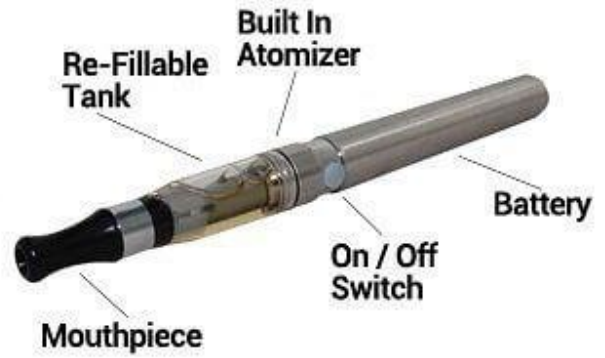


What is an E-Cigarette?



**Cartridge Style
E-Cigarette**



**Re-Fillable Tank
Style E-Cigarette**

State Taxation of E-Cigarettes

States that currently tax e-cigarettes

- **Tax on a percentage of purchase price-wholesale or retail**
 - California: 27.30% of wholesale price
 - District of Columbia: 67% of wholesale price
 - Minnesota: 95% of wholesale price
 - Pennsylvania: 40% of retail price of paraphernalia and liquid
 - Montgomery County, Maryland: 30% of wholesale price
 - Some municipalities in Alaska: between 45% and 55% of wholesale price

- **Tax on a percentage of consumable product**
 - Kansas: \$0.20 per milliliter
 - Louisiana: \$0.05 per milliliter
 - North Carolina: \$0.05 per milliliter of nicotine fluid
 - West Virginia: \$0.075 per milliliter
 - Delaware: \$0.05 per milliliter
 - New Jersey: \$0.10 per milliliter of liquid nicotine
 - City of Chicago: \$0.8 per unit plus \$0.20 per milliliter

Considered Legislation (as of 2016 legislative sessions)

- **Tax on a percentage of purchase price-wholesale or retail**
 - Florida: 85% of wholesale price
 - Hawaii: multiple bills, between 10% and 80% of wholesale price
 - Indiana: 24% of wholesale price
 - Iowa: 50% of wholesale price
 - Kentucky: multiple bills, 15% of retail or 40% of whole price
 - Nevada: 30% of wholesale price
 - New Hampshire: 73.94% of wholesale price
 - New Jersey: multiple bills, between 30% and 70% of wholesale price
 - New York: 75% of wholesale price
 - North Dakota: 50% of wholesale price
 - Oregon: 65% of wholesale price
 - Rhode Island: 80% of wholesale price
 - Washington: multiple bills, between 60% and 95% of wholesale price

- **Tax on a percentage of consumable product**
 - Alabama: \$0.25 per milliliter
 - Arizona: \$0.18 per milliliter
 - Arkansas: \$0.075 per milliliter
 - Indiana: \$0.0083 per milliliter of nicotine fluid
 - Maine: \$2.00 per 18 mg of nicotine
 - Montana: \$0.0173 per milliliter of nicotine fluid
 - New Mexico: \$0.04 per milliliter of nicotine fluid
 - Ohio: \$1.125 per milliliter
 - Virginia: multiple bills, between \$0.10 and \$0.40 per milliliter

Sources: Tax Foundation, Public Health Law Center- U.S. E-Cigarette Regulations, 50 State Review

Frequently Asked Questions

What is the equivalent of a milliliter tax for a wholesale price tax?

Using New Jersey's revenue estimate for their milliliter tax, the equivalent milliliter tax of H.47's proposed **92% wholesale tax on e-cigarettes would be around \$0.15-0.20 per milliliter.**

On a per milliliter basis, this would put Vermont's tax among the highest in the country. Kansas has the highest tax on this basis: \$0.20 per milliliter. New Jersey's tax is second highest at \$0.10 per milliliter.

How are/would online free samples of e-cigarettes work? For example, if an online vendor gives the customer a free device with the purchase of nicotine liquid?

After consulting the Tax Department, this is unclear. At the moment, it appears as though **the language in H.47 would not apply the wholesale price tax to a free item accompanied with the purchase of another e-cigarette product.**

In the case of the sales and use tax, when a local vendor gives a free item with the purchase of another item, the retailer is liable for use tax on the free item. For an online vendor, it is unlikely that use claim would be applicable. However, this construct would not apply to the wholesale tobacco products tax.

What does a \$3.08 per pack tax equal as a percentage of wholesale price? 80-100% of wholesale price

