



May 10, 2026

To the Chair and Members of the Committee:

**President**

*Kyle Feldman*  
National Convenience  
Distributors  
Farmingdale, NY

On behalf of the Northeast Wholesalers Association (NEWA), I respectfully submit this testimony regarding Vermont S.198, specifically the proposal to study or implement the physical stamping of tobacco substitute products for tax collection and enforcement purposes, as well as the bill's proposed nicotine-concentration tax structure for e-vapor and nicotine pouch products.

**Vice President/  
Comptroller**

*Barry Margolis*  
Cooper-Booth  
Wholesale  
Mountville, PA

NEWA represents wholesalers, manufacturers, brokers, and businesses involved in the convenience and tobacco product supply chain throughout the Northeast region. We appreciate the Committee's efforts to ensure tax compliance, prevent illicit trade, and maintain a fair and enforceable regulatory framework. However, we have significant concerns regarding both the feasibility of physically stamping tobacco substitute products and the unintended consequences of the bill's proposed nicotine-concentration tax structure.

**Vice President**

*Mike Kelley*  
Core-Mark  
Gardiner, ME

Our concerns regarding physical stamping are straightforward: the equipment necessary to stamp tobacco substitute products does not exist domestically, and federal law prohibits wholesalers and distributors from altering federally regulated tobacco product packaging.

**Board Member**

*Neftali Garcia*  
McLane  
Contoocook, NH

Within the last few months, we have engaged with the Office of the Attorney General and the Department of Liquor and Lottery (DLL) and previously testified before the Senate Committee on Economic Development, Housing and General Affairs. In each forum, we conveyed the same message: physical stamping of tobacco substitute products is not operationally feasible and presents substantial federal compliance concerns.

**Executive Director**

*VJ Mayor, CAE*  
NEWA Office  
Portland, ME

Unlike traditional cigarettes, tobacco substitute products include a wide variety of e-vapor devices, nicotine pouches, and other smoke-free products sold in packaging that varies significantly in size, material, shape, and sealing methods. Existing cigarette stamp technology was designed for standardized cigarette packs and cannot accommodate these products. To our knowledge, no commercially available equipment currently exists that can uniformly apply tax stamps across this category.

More importantly, federal law creates significant legal barriers to such a system. Under the U.S. Food and Drug Administration's authority pursuant to the Family Smoking Prevention and Tobacco Control Act, tobacco products are subject to strict packaging, labeling, and product integrity requirements. Manufacturers must obtain Premarket Tobacco Product Application (PMTA) authorization for these products, and wholesalers and distributors cannot lawfully open, alter, re-label, or repackage federally authorized products without creating potential federal misbranding and authorization issues.

Requiring wholesalers to alter packaging for stamp applications would therefore expose manufacturers, distributors, and retailers to significant legal and regulatory risk while also disrupting the existing supply chain for these products.

For these reasons, we respectfully urge the Committee to avoid any approach that would require or contemplate the physical stamping of tobacco substitute products. Such a framework would create substantial operational challenges, conflict with federal regulatory requirements, and impose unnecessary compliance burdens on lawful businesses.

At the same time, NEWA remains committed to working collaboratively with the Department of Taxes, the Department of Liquor and Lottery, and the Attorney General's Office to identify efficient, effective, and legally compliant approaches to taxing tobacco substitute products.

We also have serious concerns regarding S.198's proposed nicotine-concentration tax structure for e-vapor and nicotine pouch products. The bill would impose a 92% wholesale tax on products below 5 mg of nicotine per gram and a 100% wholesale tax on products above that threshold. No other state currently taxes nicotine products based on nicotine concentration, largely because such systems create administrative complexity, market distortions, and enforcement challenges.

First, the proposal could unintentionally provide tax advantages to some of the least expensive products on the market. Vermont's current nicotine pouch tax structure already generates stable revenue without distorting competition between products. Under S.198, certain lower-cost products could receive a tax reduction compared to current law despite the bill's broader regulatory objectives.

Second, taxing products based on nicotine concentration rather than on the product itself creates unnecessary revenue instability and opportunities for product manipulation. Manufacturers could reformulate products simply to fall below arbitrary tax thresholds without materially changing nicotine delivery to consumers. Two products delivering similar nicotine experiences could therefore be taxed differently based solely on product composition or filler content rather than actual consumer use.

Finally, a nicotine-concentration tax regime would be difficult and costly to administer. Effective enforcement would require ongoing testing, monitoring, and verification across products and production batches, increasing administrative burdens on both the state and regulated businesses. Most states have avoided nicotine-concentration tax structures for precisely these reasons.

NEWA supports practical, enforceable, and legally compliant approaches to taxation and regulation. We respectfully urge the Committee to preserve Vermont's existing stable and enforceable tax framework and avoid policies that create operational barriers, regulatory conflicts, revenue instability, and unnecessary compliance risks.

We appreciate the opportunity to provide this testimony and remain committed to working collaboratively with policymakers on practical solutions that achieve Vermont's policy goals while maintaining legal compliance and marketplace stability.

Sincerely,

A handwritten signature in black ink, appearing to read "VJ Mayor". The signature is written in a cursive, slightly slanted style with a horizontal line at the end.

VJ Mayor, CAE