



Taxation of Electronic Inhalant Delivery Systems

Examples from other jurisdictions

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E-Cig taxes: enacted and proposed

- E-cigarette taxes have been **enacted** in: Minnesota; North Carolina; Petersburg, Alaska and Juneau, Alaska.
- E-cigarette taxes have been **proposed** in: New Jersey, Ohio, South Carolina, Washington, Iowa, Rhode Island, Vermont, Hawaii, Indiana, Kentucky, Massachusetts, Michigan, New York, Arizona, Montana, Nevada, Utah, New Mexico, Arkansas, Florida, Alabama, Virginia, Pennsylvania, Maine, New Hampshire, Philadelphia PA, Montgomery County MD



The Minnesota Tax



- Existing tax on “other tobacco products” was extended to products “derived” from tobacco.
- Tax rate is 95% of the wholesale price of e-juice, cartridges or kits if they contain nicotine.
- Juneau and Petersburg taxes are similar but the rate is 45% of wholesale price.



Proposed taxes based on wholesale price



- Washington 95%
- Vermont 94%
- Utah 86%
- Florida 85%
- Rhode Island 80%
- Hawaii 80%
- New York 75%
- New Jersey 75%
- New Hampshire 73.94%
- Ohio 60%
- Iowa 50%
- Pennsylvania 40%
- Nevada 30%
- Montgomery County 30%
- Indiana 24%
- Kentucky 15%



The North Carolina Tax



- Enacted in 2014, takes effect July 1, 2015
- Tax is five cents per milliliter of “consumable product” (“e-juice”)
- Proposed similar taxes:
 - Arkansas 7.5 cents per 1.5 milliliter
 - Alabama 25 cents per milliliter
 - Virginia 40 cents per milliliter



Two additional proposals



- **Maine:** Tax on wholesale price at a rate equivalent to effective tax rate on cigarettes

New Mexico: Tax at 4 cents per milligram of nicotine.



Sample Taxes: Blu disposable

- Retail Cost: \$9.99
- Wholesale: \$6.36
- E-Liquid 1.3 ml (est.)
- Nicotine 28 mg



Sample Taxes:

Minnesota	\$6.04
New Jersey	\$4.77
Juneau	\$2.86
Montgomery Cnty.	\$1.91
North Carolina	\$0.06
Virginia	\$0.52
New Mexico	\$1.12



Sample Taxes: Mark Ten Cartridges

- Retail Cost: \$6.99
- Wholesale: \$4.50
- E-Liquid 2 ml (est.)
- Nicotine 30/50 mg

Sample Taxes:

Minnesota	\$4.28
New Jersey	\$3.38
Juneau	\$2.03
Montgomery Cnty.	\$1.35
North Carolina	\$0.10
Virginia	\$0.80
New Mexico	\$1.20/\$2.00



Sample Taxes: Cig2o e-liquid

- Retail Cost: \$5.99
- Wholesale: \$2.60
- E-Liquid 10 ml
- Nicotine 180/240mg



Sample Taxes:

Minnesota	\$2.47
New Jersey	\$1.95
Juneau	\$1.17
Montgomery Cnty.	\$0.78
North Carolina	\$0.50
Virginia	\$4.00
New Mexico	\$7.20/\$9.60



Taxation of electronic inhalant delivery systems: policy questions

- Should the tax be levied on wholesale price, milliliters of liquid, milligrams of nicotine or something else?
- Should devices be taxed? What about liquid with zero nicotine?
- What tax rate is appropriate?
- Should the revenue be dedicated?

