



May 10, 2019

Dear Conference Committee Members,

Please do not support the new tax increases currently contained in the Senate Tax bill, related to vapor products.

Vapor products are the most popular method for adults looking to quit smoking in Minnesota, according to the Minnesota Adult Tobacco Survey conducted by the Mn Dept of Health. Countless Minnesotans have successfully found an alternative to smoking, by using these products. Most who turn to vapor products do so with the intention of decreasing their nicotine intake over time and in fact, many adults have successfully stepped all the way down to **zero nicotine** e-liquids and quitting vapor all together.

Raising taxes on vapor products - to a level even higher than the current taxes on cigarettes - is simply a backwards policy and will make it more difficult (and less appealing, financially) for Minnesotans to kick the habit.

Specifically, the 5 cents per ml tax would reduce the taxes on closed system products that contain higher nicotine levels and raise the taxes of open system products that have significantly lower nicotine content. Open system e-liquid products are primarily manufactured in-state, by Minnesota small businesses and sold in adult-only retail shops. Our regional organization represents the small retailers and manufacturers throughout the state that are opposed these provisions at this time and we ask you to NOT include these in the final tax bill.

We would welcome a more open and thorough discussion of how these products are currently being taxed in an effort to reach a fair compromise. Please do NOT include **Article 9 Sec 16-19** in the final Tax bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Cap O'Rourke".

Cap O'Rourke

Policy Director, Midwest Vapor Coalition



**MIDWEST
VAPOR
COALITION**

	<p>Current Law: Any products containing nicotine are taxed at 95% wholesale value when they enter Minnesota.</p>	<p>Senate Bill</p>	<p>House Bill</p>
	<p>A pack of 4 JUUL pods currently pay \$7.70 in state excise taxes (\$1.93 per pod)</p> <p>These products have 5% Nicotine content</p>	<p>\$2 Surcharge is added to closed systems.</p> <p>5 Cents per ml is added.</p> <p>New tax:\$3.98 per pod</p>	<p>No Change</p>
	<p>A 60 ml bottle made in Minnesota pay excise taxes on the nicotine used. This is typically less than \$1 per bottle.</p> <p>These products have 0-2% nicotine content</p>	<p>5 cents per ml is added.</p> <p>New tax:\$3 per bottle</p>	<p>No Change</p>
	<p>A pack of Cigarettes is taxed at \$3.04 per pack.</p>	<p>No Change</p>	<p>Inflation Index added. New tax=est.\$3.14 per pack.</p>