



May 6th, 2021

Chair Marquart, Chair Nelson and Tax Conferees:

On behalf of the Midwest Vapor Coalition (MVC), a business trade group representing small retail and manufacturers in Minnesota, we urge you to oppose the vapor taxes contained in HF991 (Marquart) which would unfairly and detrimentally impact small businesses and legal adult vapers, all-across the state.

We share with you, the goal of reduced youth smoking and vaping. In fact, we support the bill's provision that creates a tobacco education and cessation account. However, the proposed 95% tax increase in Article 5 will have a devastating impact on manufacturers, retailers and adult users of the open-system devices that are used with low/no nicotine liquids and with medical cannabis products; sold primarily in age-restricted stores.

These open-system products are distinctly different from the pod and disposable products (sold primarily in convenience stores) that have become popular in the last few years. Open-system hardware is sold separate from the liquids, which on average, contain 10 times LESS nicotine than other systems. Nevertheless, the House provision would apply a 95% wholesale tax to all hardware, devices and batteries - even products are not packaged or sold with nicotine.

Complex heating devices allow adult customers the ability to gradually adjust strengths and liquids, providing an easier path to reduced nicotine usage, with the goal of eventually using zero nicotine and quitting all products. Additionally, medical cannabis patients also use these heating devices to dispense their prescription products in a more controlled manner. However, the compounding effect of the new tax would cause a low-end device currently retailing at \$35 to soar to a price point over \$80. More specialized, high-end products with more controls would retail for \$150 or more ... not including liquids, which are taxed as well.

Article 5 would create the nation's HIGHEST hardware tax on vapor devices and cripple the small, independent retailers - a majority of them women and minority owned - that sell these open-system devices, effectively eliminating low nicotine product options for adults, while simultaneously making cigarettes - a known killer - the cheapest nicotine option in the marketplace.

A [study \(https://pubmed.ncbi.nlm.nih.gov/32943812/\)](https://pubmed.ncbi.nlm.nih.gov/32943812/) released last summer, reviewing tax policy for vapor found: *"Our results suggest that in the sample period about 32,400 additional adult smokers would have quit smoking in Minnesota in the absence of the tax."* If HF991 vapor tax increase is passed, this number will skyrocket and prevent even more adults from trying to quit smoking.

Thank you,

Minnesota Vapor Coalition