

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2182
Version: As introduced

DATE: April 15, 2015

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Subject: Vapor products tax

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Overview

Currently, the nicotine solution used in e-cigarettes is taxed under the other tobacco products tax at a rate of 95% of the wholesale price. This bill establishes a tax on nicotine solution at the rate of \$.30 per milliliter instead. The bill also provides new definitions for “consumable material” and “vapor products,” establishes a use tax at the new tax rate, and provides for a use tax exemption on vapor products.

Section

- 1 **Consumable material.** Defines “consumable material” as a nicotine solution or other similar material that is depleted as a vapor product is used.
- 2 **Tobacco products.** Includes “vapor products” in the definition of tobacco products.
- 3 **Vapor products.** Defines “vapor products” as devices that produce vapor from nicotine solution, including e-cigarettes and related devices. Includes nicotine solution in the definition of “vapor products.” Excludes from the definition any drug or device regulated by the FDA.
- 4 **Rates; tobacco products.** Excludes vapor products from being taxed at the rate of 95% of their wholesale price.
- 5 **Rates; vapor products.** Establishes a tax of \$.30 per milliliter of consumable material on vapor products.
- 6 **Use tax; vapor products.** Establishes a use tax of \$.30 per milliliter of consumable material on vapor products.

Section

- 7** **Federal laws.** Adds vapor products to the list of tobacco products that are not to be taxed if they cannot be taxed by the state under federal law.
- 8** **Use tax exemption.** Exempts up to 50 milliliters per month of nicotine solution from the use tax.
- 9** **Promotional distribution.** Exempts vapor products from the prohibition on promotional distribution.