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cigarettes, vaping products, and similar products.

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## State-by-State E-Cigarette Tax Guide

By *Gail Cole*.

E-cigarettes and vaping products weren't regulated or taxed like other tobacco products when they first entered the U.S. market in the mid-2000s. In fact, at the outset, they were largely unregulated and untaxed.

Those salad days are coming to an end. Today, many states impose a vape tax for

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a different narrative is emerging due to the popularity of e-cigarettes and vape products among teens and young adults. There's concern vaping could inspire young nonsmokers to seek out nicotine elsewhere (the so-called [gateway effect](#)). Thus while e-cigarettes could help seasoned smokers cut back, they could actually foster cigarette smoking among young people.

Whatever the cause, more and more governments are imposing new regulations and taxes on e-cigarettes, vaping products, and similar products.

### **New requirements for vape distributors, manufacturers, and sellers**

The expanded Prevent All Cigarette Trafficking Act (PACT Act), enacted March 2021, requires any business or person that sells, ships, or transfers ENDS for profit in interstate commerce to:

- Register with the [Bureau of Alcohol, Tobacco, Firearms, and Explosives](#) (ATF)
- Register with any states where they ship vapes and similar products
- Verify the age of purchasers upon delivery
- Comply with state, local, or tribal excise tax and reporting requirements

Basically, the amended PACT Act requires e-cigarettes and vaping products to be treated more like traditional tobacco cigarettes.

### **Are there federal taxes on vape products?**

There are no federal taxes on vape products as of this writing, but that could change. The first draft of President Biden's [Build Back Better Act of 2021](#) included a new tax on nicotine for use in vaping products, but it was struck from the final version of [the Inflation Reduction Act of 2022](#).

That's not the case with tobacco, which according to the [National Institutes of](#)

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## Do states tax vape products?

More than [30 states](#) currently tax vape products: California, Colorado, Connecticut, Delaware, Georgia, Illinois, Indiana (as of [July 1, 2022](#)), Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the District of Columbia. That's a big change since 2015, when only three states and D.C. had [a vape tax](#).

More states will likely tax electronic nicotine delivery systems in the future since some — including [Alaska](#), [Iowa](#), [Oklahoma](#), and [Tennessee](#) — have already tried to do so. And some states that already tax vaping products may opt to raise the rates in 2023. [Kentucky](#) introduced a measure to increase tax rates on vape and other tobacco products, but the bill didn't pass.

## Are there local taxes on vape products?

Local taxes on vape products exist in just a few states as of this writing.

Alaska and Nebraska don't tax e-cigarettes at the state level, but some jurisdictions apply local taxes. Notably:

- [Anchorage Borough](#), Alaska
- [Juneau Borough](#), Alaska
- [Northwest Arctic Borough](#), Alaska
- [Petersburg Borough](#), Alaska
- [Omaha](#), Nebraska

On top of statewide taxes, there are local vape taxes in a few jurisdictions in Illinois

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As with cigarettes and other tobacco products, e-cigarettes, vapes, and other ENDS are typically taxed either on a unit basis or on a percentage of the retail or wholesale price. Each jurisdiction defines the percentage tax base a little differently.

Most states that tax vaping products use *either* the percentage *or* the unit. However, Connecticut, Georgia, Kentucky, New Hampshire, New Jersey, and New Mexico use **both** methods: They use the unit (per cartridge) for closed vaping products and a percentage of the price for open vaping products.

### **Open vs. closed vs. disposable**

Vape taxes based on the unit may be affected by the type of cartridge used to contain the e-liquid: open or closed. Some states base the tax on the cartridge and/or disposability, some on each milliliter (or fraction of a milliliter) of e-liquid purchased.

With open containers, users must manually fill the tank with e-juice. Closed containers come filled and don't have a conventional tank that can be refilled, but they can usually be reused with disposable cartridges containing e-liquid.

Disposable cartridges contain a consumable vapor product at the time of sale. They're not designed or intended to be reused or refilled, and are generally disposed of after use.

All electronic nicotine delivery systems (ENDS) must be **properly disposed** of after use.

### **Nicotine vs. no nicotine**

Some states only tax e-liquid that contains nicotine. Some tax all e-liquid products, even those containing no nicotine.

For example, ENDS that don’t contain nicotine *are not* subject to the [California excise](#)

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State	State tax	Local taxes	Tax based on nicotine content	Tax base
Alabama	No	No	N/A	
Alaska	No	Yes	N/A	
Arizona	No	No	N/A	
Arkansas	No	No	N/A	
California	Yes	No	Yes	% of wholesale price/ % of retail price
Colorado	Yes	No	Yes	% of wholesale price
Connecticut	Yes	No	Yes	Unit/ % of wholesale price
Delaware	Yes	No	Yes	Unit
District of Columbia	Yes	No	Yes	% of wholesale price
Florida	No	No	N/A	
Georgia	Yes	No	No	Unit/ % of wholesale price
Hawaii	No	No	N/A	

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Kansas	Yes	No	No	Unit
Kentucky	Yes	No	No	Unit/ % of wholesale price
Louisiana	Yes	No	Yes	Unit
Maine	Yes	No	No	% of wholesale price
Maryland*	No[3]	Yes	N/A	% of retail price
Massachusetts	Yes	No	No	% of wholesale price
Michigan	No	No	N/A	
Minnesota	Yes	No	Yes	% of wholesale price
Mississippi	No	No	N/A	
Missouri	No	No	N/A	
Montana	No	No	N/A	
Nebraska	No	Yes	N/A	
Nevada	Yes	No	No	% of wholesale price
New Hampshire	Yes	No	Yes	Unit/ % of wholesale price
New Jersey	Yes	No	Yes	Unit / % of wholesale price

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North Dakota	No	No	N/A	
Ohio	Yes	No	Yes	Unit
Oklahoma	No	No	N/A	
Oregon	Yes	No	No	% of wholesale price
Pennsylvania	Yes	No	No	% of wholesale price
Rhode Island	No	No	N/A	
South Carolina	No	No	N/A	
South Dakota	No	No	N/A	
Tennessee	No	No	N/A	
Texas	No	No	N/A	
Utah	Yes	No	No	% of wholesale price
Vermont	Yes	No	No	% of wholesale price
Virginia	Yes	No	Yes	Unit
Washington	Yes	No	No	Unit
West Virginia	Yes	No	No	Unit
Wisconsin	Yes	No	No	Unit

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\*[New York](#) imposes a 20% supplemental sales tax on retail sales of vapor products with or without nicotine.

### Can you ship vape products by mail?

It's long been illegal to ship cigarettes and smokeless tobacco products through the U.S. Postal Service (USPS). The amended PACT Act extends that ban to vapes and other ENDS effective April 26, 2021.

Note that an item doesn't need to deliver nicotine to qualify as an ENDS; per the [Federal Register](#), "liquids that do not actually contain nicotine can still qualify as ENDS, as can devices, parts, components, and accessories capable of or intended for use with non-nicotine-containing liquids."

Federal Express ([FedEx](#)) and United Parcel Service ([UPS](#)) also prohibit the shipping of e-cigarettes and vaporizers, as of March 1, 2021, and April 5, 2021, respectively. In fact, FedEx won't ship any tobacco or tobacco products. UPS permits tobacco product shipments only from shippers licensed and authorized to ship tobacco products.

However, there are [some carriers](#) still willing to ship vape products to consumers. Read this [blog](#) for more information about selling vape products online.

Interestingly, Georgia lawmakers considered a [bill](#) that would allow out-of-state licensed manufacturers to sell vape products directly to consumers, provided the orders are made by mail, email, electronic means, or telephone (or similar voice transmission) and shipped to the consumer by common carrier, private delivery service, or "other method of remote delivery." The measure died.

Technology can help with vape tax compliance



[Tobacco and vape tax automation](#) can help you untangle vapor product taxes and

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