From:	Jody Watt [redacted]
Sent:	March 6, 2020 11:13 AM
To:	Office of the Legislative Counsel
Cc:	'Darryl Tempest'
Subject:	Bill 243 - please print and share with Finance Meeting

Budget 2020
Financial Measures Act

Canadian Vaping Association
Proposed Amendments,
March 6, 2020

Background and Issue

The 2020 NS Provincial budget proposes a new tax on e-liquids of 50 cents per each millilitre of e-liquids sold and an additional 20% tax on the retail value of all vaping devices.

Such a new tax would disproportionately tax adult ex-smokers who vape using open tank systems and barely tax the highly addictive, high nicotine closed pod systems primarily sold in convenience stores that youth prefer.

For example, a typical 30ml bottle of e-liquid used by adult ex-smokers would be taxed an extra $15 (30mil x.50 cents/mil) effectively doubling its current retail price.

Meanwhile, the current closed pod systems favoured by youth and sold in convenience stores contain 1 mil of liquid and would be taxed 50 cents for each pod. Typically, these pod systems are sold in 3-pod packages so altogether the tax would be $1.50.

So adult ex-smokers will pay $15.00 tax per small bottle of e-liquid while youth will pay $1.50 for much more addictive pods. Effectively, this provision would have e-liquid users pay 10 times the tax of other vapers.

As well, this tax proposal would ignore the nicotine potency of the closed pod systems which typically have over 50mg of nicotine versus the e-liquid system that typically have between 0mg nicotine and 18mg of nicotine.

Canadian Vaping Association Position

The Canadian Vaping Association, which is Canada's founding vaping industry trade association representing over 300 manufacturers, distributors and retailers, does not have any representation of tobacco companies in our Association.

- We believe the proposed per mil taxation model is totally unfair and unworkable.
- In principle, we would not recommend a specific taxation level targeted at vaping products as we believe that adult vaping systems targeting ex-smokers provide outstanding harm reduction benefits to governments and no other smoking harm reduction solution has a special tax imposed on them.
- The CVA would observe that other provincial governments have chosen to implement a vaping product and e-liquid tax.
- The governments in BC and Alberta have introduced a flat tax on the retail value of the vaping products sold, not on a per mil basis.
- Other provinces realized that simple to administer taxes are more effective and existing Point of Sale (POS) systems can easily accommodate sales taxes but per mil tax schemes may not be possible to administer for most small retailers.
- Further, the CVA believes that if any additional tax is imposed on vaping products the revenue from such a tax should be used to fund targeting vaping education and enforcement programs.
- Finally, it is not possible to intelligently discuss vaping taxation policy without considering the implications of eliminating the adults-only vape shop retail channel through the non-tobacco flavoured e-liquids ban scheduled to go in effect on April 1st.

The CVA urges the NS Legislature to pause the proposed Bill 233 and budget taxation measures and sit down with the industry and affected groups to work toward a workable, integrated public policy framework that effectively targets youth vaping and maintains a path for ex-smokers to use vaping products to get off combustible tobacco, reduce their harm and potentially save their lives.

Sincerely,

Jody Allen (Watt)