

## State E-Cigarette Taxes

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### Issue

Which states tax e-cigarettes? This report updates OLR report [2015-R-0239](#).

### Jurisdictions Taxing E-Cigarettes

Seven states and the District of Columbia currently impose a tax on e-cigarettes; an eighth state, Delaware, is scheduled to do so beginning January 1, 2018. Table 1 lists each jurisdiction's tax rate and base. As the table shows, the jurisdictions either tax e-cigarettes at a percentage of their wholesale price or at a flat rate per milliliter of liquid solution.

Among the four jurisdictions imposing a tax based on wholesale price, Minnesota imposes the highest rate (95%) and Pennsylvania imposes the lowest (40%). Kansas has the highest per milliliter tax (\$0.20/ml) and Delaware, Louisiana, and North Carolina have the lowest (\$0.05/ml).

In addition to these jurisdictions, several local governments also impose a tax on e-cigarettes, including Chicago, Illinois (\$0.80 per unit plus \$0.55/ml); Cook County, Illinois (\$0.20/ml); Montgomery County, Maryland (30% of wholesale price); Juneau, Northwest Arctic Borough, and Petersburg, Alaska (45% of wholesale price); and Mat-Su Valley, Alaska (55% of wholesale price) ([How High Are Vapor Excise Taxes in Your State?](#), Tax Foundation, June 29, 2017).

Table 1: E-Cigarette Taxes

Jurisdiction	Rate and Base
California	65.08% of wholesale price
Delaware	\$0.05 per milliliter (effective 1/1/18)
D.C.	60% of wholesale price
Kansas	\$0.20 per milliliter
Louisiana	\$0.05 per milliliter
Minnesota	95% of the wholesale price
North Carolina	\$0.05 per milliliter
Pennsylvania	40% of wholesale price
West Virginia	\$0.075 per milliliter

Source: CCH State Tax Guide, state statutes, and tax department websites

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