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Pilon, Janet

Subject: proposed vaping tax

From: Ian Irvine
Sent: Monday, May 5, 2025 8:44 PM
To: <mailto:clerk@hamilton.ca>
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Dear Councilors,

May I propose that you consider seriously the consequences of imposing a special tax on vaping products? The consequences may not be what you anticipate or intend.

A local tax - one applied to a specific geographic area is one that can be easily avoided. And buyers need not resort to illegal means to do this — they can buy outside the boundaries of the tax, can order on-line for next day delivery from Toronto, or go to their local illegal source.

Evidence on evasion abounds. For example, Dr Michael Siegel has written extensively how residents of Massachusetts evade the Mass flavor ban by making purchases in adjoining states. Illegal sales in Vancouver are about 50% of the market because the BC government thought that it had the power to limit consumer choice in a draconian manner.

In addition to avoidance, the tax base of the jurisdiction where the 'super tax' is levied is likely to shrink. This may mean less rather than more tax revenue for the jurisdiction at the end of the day.

Please keep in mind the law of unintended consequences: councils may have the power to pass regulations, but councils rarely have the power to change behaviors.

A more pernicious problem with implementing elevated taxes on products that have been described by the Royal College of Physicians and Public Health England for over a decade at this point as being 95% less risky than combustibles (their words) is that you will induce more smokers to stick with cigarettes and induce fewer to switch to the lower risk product. There is a slew of research papers that show this.

I do not support teen use of nicotine - it is dependence forming. But if you wish to reduce access by teens to nicotine products you will have to implement more inspections. I have interviewed countless vendors of vaping products in the past year as part of my research, and universally they say that the public authorities are failing terribly in this area. Inspections are lax and when a retailer informs an inspector of illegal activity in the neighborhood, nothing is done about it.

There is no simple way to address underage vaping. You need to inspect and inspect and follow up on those vendors who sell to teens. Implementing a rule and hoping it will work will not cut it. Action is needed. And that will cost money - some of the hundreds of millions currently going to Ottawa from vaping levies.

I wish you well in your deliberations. Ian Irvine.

Disclosure: I am a professor of Economics at Concordia University in Montreal. I have worked as a consultant to the federal government on tobacco and alcohol, and also in the private sector. Some of my recent research has been funded by the Global Action to End Smoking foundation.

Ian Irvine, professor,

