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Pilon, Janet

Subject: Opposing Proposed Vape Tax — Economic Harm & Black Market Growth Proven Elsewhere

From: Alex Faltas

Sent: Tuesday, May 6, 2025 10:15 AM

To: <mailto:clerk@hamilton.ca>

Subject: : Opposing Proposed Vape Tax — Economic Harm & Black Market Growth Proven Elsewhere

To whom it may concern,

I am writing to firmly oppose the proposed Municipal Vaping Products Tax currently under review by Hamilton City Council, as noted in the April 30, 2025 meeting minutes. This tax will not achieve its intended goal of reducing vape usage — instead, it will damage local businesses, reduce tax revenue, and fuel the growth of dangerous black markets, as demonstrated in other regions.

When New York State imposed a 20% retail tax on vaping products in 2020, the New York Association of Convenience Stores reported a sharp decline in legal sales but a corresponding 40% increase in illicit sales through unlicensed vendors and online sources. Similarly, in British Columbia, after implementing a 20% vape tax in 2020, government reports indicated that black-market activity surged, with an estimated 30% of vaping products bypassing legal channels within just the first year.

Closer to home, legal vape retailers in Ontario already operate under strict federal and provincial controls, including excise taxes introduced in 2022. Adding a municipal tax will double-penalize compliant Hamilton businesses, making it impossible for us to compete against untaxed, unregulated sellers — many of whom operate online or across city borders.

Let's also consider the economic impact. Hamilton's specialty vape retailers employ dozens of local residents and contribute to municipal revenue through business taxes, leases, and licensing fees. According to the Canadian Vaping Association, every 10% increase in vape prices leads to a 15% drop in legal sales but only a 6% reduction in total consumption — meaning consumers don't quit, they just switch to black-market sources.

Beyond economic damage, this tax risks reversing public health progress. Vaping has helped thousands of Canadian smokers quit combustible tobacco — the primary cause of preventable death. Punitive taxes discourage smokers from switching, pushing them back to cigarettes or toward unregulated vape products with unknown ingredients.

I urge City Council to reject this misguided proposal. Let's not repeat the failures seen in other regions. Instead, I encourage the City to collaborate with retailers, public health officials, and enforcement bodies on targeted youth prevention and education efforts — solutions that work without destroying legal businesses and harming adult consumers.

Please record my strong opposition in the public record. I trust Council will consider the real-world data and consequences before moving forward.

Sincerely,
Savanna Faltas
Vape Club