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Pilon, Janet

Subject: Opposition to Hamilton Municipal Vape Tax

From: Nick Novakovich
Sent: Tuesday, May 6, 2025 9:11 AM
To: <mailto:clerk@hamilton.ca>
Cc: Beattie, Jeff <<mailto:Jeff.Beattie@hamilton.ca>>
Subject: Opposition to Hamilton Municipal Vape Tax

Dear Mayor Horwath and Councillors,

My name is Nick Novakovich, and I am a constituent in Jeff Beattie's riding and reside at 12 Avery Circle, Stoney Creek and am a specialty vape retailer with two stores located at 724 Mohawk Road East and 833 Upper James Street in Hamilton. I have a third store in St. Catharines. I recently read Item 9.3 of the General Issues Committee Minutes from May 5th, 2025 and learned that the City of Hamilton is exploring the implementation of a municipal vaping products tax. I am writing to express my strong opposition to this initiative.

As a responsible retailer operating within a highly-regulated industry, I can say with confidence that this proposal is misguided, harmful to public health goals, and economically damaging to compliant local businesses.

Vaping Is Already Over-Taxed Compared to Cigarettes

Vaping products carry a higher total excise tax burden than cigarettes. Vaping is taxed at 182% while cigarettes are taxed at 168% in Ontario. This is despite the fact that vaping is widely recognized as a harm reduction tool for adult smokers. Adding a municipal tax will punish adults who are trying to quit smoking and will treat vaping more harshly than the product it is meant to replace (combustible tobacco).

Taxation Is Not an Effective Tool to Curb Youth Use Raising taxes is not an effective way to stop youth from vaping. Education is what works. Health Canada recently released <https://www.canada.ca/en/health-canada/services/smoking-tobacco/vaping/awareness-resources.html> that should be promoted across schools and youth programs in the city. This is a better use of public resources.

The Youth Vaping Stats Cited Are Outdated and Misleading The statistics mentioned in the General Issues Committee discussion are not current. New data from Statistics Canada, the <https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=5233> published on March 7, 2025 shows that youth vaping has dropped by more than 40% over the past five years for youth ages 12 - 17 years of age. Major decisions that could ruin small businesses should be based on accurate and up-to-date information.

This Proposed Tax Will Undermine Legal, Regulated Businesses Retailers like me follow strict ID checks, comply with all regulations, and contribute to the local economy. A municipal vape tax will drive customers out of the Greater Hamilton Area or into unregulated markets. Those markets do not pay taxes, do not follow laws, and do not care about youth protection.

This Issue Has Already Been Raised at the Provincial Level

Vaping taxation has already been raised with the Minister of Finance and discussed during Ontario's pre-budget consultations. Adding local taxes on top of existing federal and provincial policies will create more confusion and administrative burden for businesses. Given the small regional scope of this proposed tax, it would also be difficult to

enforce. Retailers may simply move outside the Greater Hamilton Area and continue servicing local customers without being subject to the tax.

This taxation method will not protect youth. It will hurt responsible small businesses and fuel the growth of the illicit market.

I urge the City Council to reconsider the decision regarding a municipal vape tax and focus instead on education and enforcement.

Thank you for your time.

Sincerely,

Nick Novakovich
Vapor Shoppe