

A Flavor Ban Will Decimate New York Small Businesses

New York is currently deciding whether to ban all flavored e-liquids used in vapor products and currently sold in New York's 694 vape shops that cater to adult smokers who are trying to quit smoking combustible cigarettes. A flavor ban on these nicotine products would be a mistake on many levels.

In 2018, the vapor industry created 7,143 jobs and about \$1.1 billion in economic output in the Empire State, and generated about \$254.7 million in state and local taxes. Enacting the proposed flavor ban would undermine the state's recently enacted wholesale tax on vapor products by over \$135.5 million and cost the state economy over 4,593 jobs, \$283.6 million in wages, \$679.6 million in output, and \$159.7 million in total tax revenue.

Positive Economic Impact of the Vapor Industry in New York (2018)

| | Direct | Supplier | Induced | Total |
|-------------------------|---------------|---------------|---------------|------------------------|
| Jobs Created | 3,885 | 983 | 2,275 | 7,143 |
| Wages Created | \$209,525,000 | \$90,942,000 | \$147,975,000 | \$448,442,000 |
| Economic Impact Created | \$399,326,000 | \$241,505,000 | \$417,482,000 | \$1,058,313,000 |
| State and Local Taxes | | | | \$254,692,000 |

Open-System Vaping Devices and Flavored E-Liquids:

- Nearly 86 percent of open-system e-liquids are flavored in some way. This differs from the closed-system products where flavors (except for tobacco and menthol) were just banned by the FDA.
- Flavored e-liquids are generally sold in adult-only stores.

Banning the Sale of Flavored E-Liquids in New York Will Lead to Small Business Closures:

- A ban on the sale of all flavored vapor products would devastate New York small business, resulting in a 85.6 percent reduction in their overall sales.
- As very few businesses can withstand such a reduction in revenues, it is likely that most of the 694 vape shops in New York would be forced out of business as a result of the proposed ban.

Lost Sales will Lead to Lost Jobs, Taxes and Economic Activity:

- Already, an estimated 1,548 jobs are expected to be lost in New York due to new federal laws. A New York flavor ban would more than double the job loss raising it to 6,140 FTE jobs. Real people working in vape shops, for e-liquid manufacturers, and for firms that supply these companies or serve their employees would lose over \$380.8 million in wages.
- The proposed state ban would cost the state economy over \$679.6 million and result in a \$159.7 million dollar loss of tax revenue for the State of New York.

Negative Economic Impact of a Flavor Ban in New York

| | Jobs (lost) | Wages (lost) | Consumption Tax Revenue (lost) | Total State Tax Revenue (lost) | Economic Output (lost) |
|------------------------------|----------------|-----------------|-----------------------------------|-----------------------------------|---------------------------|
| Estimated NY Vapor Metrics | 7,143 | \$448,442,000 | \$167,473,000 | \$254,692,000 | \$1,058,313,000 |
| Losses From New Federal Laws | (1,548) | (\$97,197,000) | (\$25,095,000) | (\$43,994,000) | (\$229,434,000) |
| Losses From State Flavor Ban | (4,593) | (\$283,563,000) | (\$103,702,000) | (\$159,680,000) | (\$679,581,000) |
| % Change Following State Ban | -82.1% | -80.7% | -72.8% | -75.8% | -82.0% |

Banning the Sale of Flavored Vapor Liquids in New York Will Not Dramatically Impact Use:

- A ban would not necessarily lead to less vapor use in New York since 50.0 percent of the lost sales would transfer to other states, the internet, Native American reservations, or other jurisdictions not subject to the ban.
- The overall reduction in e-liquid use would be only 10.0 percent, meaning that the ban would actually not accomplish the goals set out by its proponents.

It is clear that the state of New York should not succumb to panic policy making by banning the sale of products that already are illegal for sale to anyone under the age of 21 and that are heavily taxed.