

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 2195

(SENATE AUTHORS: PRATT and Eichorn)

DATE
03/20/2017

D-PG
1579 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; tobacco; providing definitions and a tax rate for vapor products;
1.3 amending Minnesota Statutes 2016, sections 297F.01, subdivision 19, by adding
1.4 subdivisions; 297F.05, by adding subdivisions.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2016, section 297F.01, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 6a. **Bulk nicotine.** "Bulk nicotine" means any vapor product that contains a
1.9 solution having a concentration of 50 milligrams of nicotine per milliliter or greater.

1.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

1.11 Sec. 2. Minnesota Statutes 2016, section 297F.01, is amended by adding a subdivision to
1.12 read:

1.13 Subd. 6b. **Consumable material.** "Consumable material" means any vapor product that
1.14 contains nicotine in a solution having a concentration of less than 50 milligrams of nicotine
1.15 per milliliter.

1.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

1.17 Sec. 3. Minnesota Statutes 2016, section 297F.01, subdivision 19, is amended to read:

1.18 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,
1.19 made, or derived from tobacco that is intended for human consumption, whether chewed,
1.20 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or
1.21 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;

cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, vapor products, and other kinds and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco products excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

(b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco products includes a premium cigar, as defined in subdivision 13a.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 297F.01, is amended by adding a subdivision to read:

Subd. 24. Vapor products. "Vapor products" means any noncombustible product that employs a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape or size, that can be used to produce vapor from nicotine in a solution or other form. Vapor products includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container of bulk nicotine or consumable material in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 297F.05, is amended by adding a subdivision to read:

Subd. 3b. Rates; vapor products. (a) A tax is imposed upon all vapor products in this state and upon any person engaged in business as a tobacco product distributor. The tax imposed under this subdivision is imposed at the time the tobacco products distributor:

(1) brings, or causes to be brought, into this state vapor products for sale;

(2) makes, manufactures, or fabricates vapor products in this state, not otherwise taxed under this subdivision, for sale in this state; or

(3) ships or transports vapor products to retailers in this state to be sold by those retailers.

3.1 (b) For vapor products that contain bulk nicotine, the rate of tax is 95 percent of the
3.2 wholesale sales price of the vapor product.

3.3 (c) For vapor products that contain consumable material, the rate of tax is 25 percent of
3.4 the wholesale sales price of the vapor product.

3.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.6 Sec. 6. Minnesota Statutes 2016, section 297F.05, is amended by adding a subdivision to
3.7 read:

3.8 Subd. 4b. **Use tax; vapor products.** A tax is imposed upon the use or storage by
3.9 consumers of all vapor products in this state, and upon such consumers, at the rate of 95
3.10 percent of the wholesale sales price of a vapor product containing bulk nicotine, and 25
3.11 percent of the wholesale sales price of a vapor product containing consumable material.

3.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.