

January-February 2021 Newsletter

Hello everyone, apologies for our lack of communication via our monthly newsletters. There are many things that have transpired over the past few months so be sure to read thoroughly...

We Moved

Don't worry, we only moved next door (from Suite I to Suite J). We were asked by our landlord to move over one space so our neighbor could expand their storefront. Work is almost 100% complete but we ask for your patience & understanding from any noise or dust during the final stages. As always, curbside pick-up and deliveries are still available.

New Maryland Tax Rate

As stated previously, we have worked long and hard to keep our industry alive. If you remember from last year's newsletters, House Bill HB0732 was introduced and passed by the Maryland General Assembly (MGA). Because of covid restrictions and economy strain, Governor Hogan vetoed this tax bill stating that an institution of new taxes would be an additional burden on Marylanders. On February 12, 2021, the MGA voted to override Hogan's veto and therefore officially becomes law on *March 14, 2021*.

What does this tax bill do?

1. Establishes a definition for Electronic Smoking Devices (ESD)
2. Broadens the definition of Other Tobacco Product (OTP)
3. Creates a sales & use tax on ESD
4. Changes the excise tax rate on cigarettes & wholesale price of OTP

What are the new tax rates as they pertain to the Vape Industry?

ESD: **From:** 6% sales tax **To:** 12% sales tax (6% regular tax + 6% vape tax = 12% total)

ESD Liquid: ≤5ml (Disposables) **From:** 6% **To:** 60%

Note: batteries & chargers are not affected by this new tax

Summary:

On March 14, 2021, the new tax on all vape devices & liquid (except batteries/chargers) will be 12%. All disposable devices will be taxed at 60%. Therefore, to avoid these additional taxes, we suggest you purchase as many vape products as you can prior to March 14. Any purchases made on or after this date will be taxed at the new rates. Please understand our prices will not change and we will continue to offer our Rewards & Discount Program, but the tax rates will differ.

Maryland Vape Legislation News

In previous newsletters, we have reported the struggles, at both the state/county levels, to keep our industry alive. It is a new year, and the Maryland legislative session has begun. As you may have guessed, they are at it again – trying to eliminate vaping. Senator Kramer (D), Montgomery County, has introduced *another* bill to eliminate vaping, claiming there is an epidemic of usage by minors. We are still firm in our stance against the bill because no vape-only retail store has sold to a minor in the last 5 years (per FDA inspections and/or stings). The guilty parties have always been, and continue to be, convenience stores, gas stations, big-box stores, pharmacies, etc. Naturally, we get blamed for their lack of due diligence of verifying ID and, instead of cracking down on them, they want to close OUR businesses. Due to the new covid restrictions, we are unable to meet in person with the legislators to remind them of who we are, what we do, and why we do it.

Therefore, we have issued a CTA (*Call to Action*) which asks all Marylanders to contact their local representative asking that they vote against this legislation. Time is of the essence and we beg everyone to reach out because, without your help, our industry will disappear. The current bill(s) and CTA are listed below:

[Senate Bill 273 \(SB0273\)](#)

Sponsor: [Ben Kramer](#) (D) Montgomery County

Senate Committee: [Finance](#)

Hearing Date/Time: January 28, 2021 at 1:00pm

Bill Title: Electronic Smoking Device Regulation Act of 2021

Bill Synopsis: (*Emergency Bill*) Repeal the electronic smoking device retail license, alter the Clean Indoor Act to include the prohibition of devices and exhaled vapor, alter the definition and manner of sales by a manufacturer & vape shop to consumers in a certain manner.

[Senate Bill 177 \(SB0177\)](#)

Sponsor: [Mary Washington](#) (D) Baltimore City

Senate Committee(s): [Finance](#) and [Budget & Taxation](#)

Hearing Date/Time: January 28, 2021 at 1:00pm

Bill Title: Business Regulation – Flavored Tobacco Products - Prohibition

Bill Synopsis: (*Emergency Bill*) Does not allow a licensee to manufacture, ship, import, or sell into or within the State of Maryland a flavored tobacco/vape product.

Notes: cross-filed with *HB0134* (see below)

[House Bill 134 \(HB0134\)](#)

Sponsor: [Jazz Lewis](#) (D) Prince George’s County

Senate Committee(s): [Economic Matters](#) and [Health & Government Operations](#)

Hearing Date/Time: TBD

Bill Title: Business Regulation – Flavored Tobacco Products - Prohibition

Bill Synopsis: (*Emergency Bill*) Does not allow a licensee to manufacture, ship, import, or sell into or within the State of Maryland a flavored tobacco/vape product.

[Call to Action \(CTA\)](#)

Oppose the Maryland Flavor Ban!! Tell your legislators to PROTECT FLAVORS IN VAPE SHOPS!!

Get involved: Call AND email your local committee member now (Senator/Delegate)

<u>Calvert County</u>	Mark Fischer	(410) 841-3231	mark.fisher@house.state.md.us
<u>St. Mary’s County</u>	Brian Crosby	(410) 841-3227	brian.crosby@house.state.md.us
<u>Charles County</u>	C.T. Wilson	(410) 841-3325	ct.wilson@house.state.md.us
<u>Anne Arundel County</u>	Pamela Beidle – District 32	(410) 841-3593	pamela.beidle@senate.state.md.us
	Ned Carey – District 31A	(410) 841-3047	ned.carey@house.state.md.us
	Seth Howard – District 30B	(410) 841-3439	seth.howard@house.state.md.us
	Michael Rogers – District 32	(410) 841-3372	mike.rogers@house.state.md.us
<u>Prince George’s County</u>	Dereck Davis - District 25	(410) 841-3519	dereck.davis@house.state.md.us
	Jazz Lewis – District 24	(240) 334-7352	jazz.lewis@house.state.md.us
	Malcolm Augustine – District 47	(410) 841-3745	malcolm.augustine@senate.state.md.us
	Joanne Benson – District 24	(410) 841-3148	joanne.benson@senate.state.md.us
	Diana Fennell – District 47A	(410) 841-3478	diana.fennell@house.state.md.us
	Veronica Turner – District 26	(410) 841-3212	veronica.turner@house.state.md.us
	Jay Walker – District 26	(410) 841-3581	jay.walker@house.state.md.us
<u>Montgomery County</u>	Kris Valderrama – District 26	(410) 841-3210	kris.valderrama@house.state.md.us
	Kathleen Dumais – District 15	(410) 841-3052	kathleen.dumais@house.state.md.us
	Lorig Charkoudian – District 20	(410) 841-3423	lorig.charkoudian@house.state.md.us
	Lily Qi – District 15	(410) 841-3090	lily.qi@house.state.md.us
	Pamela Queen – District 14	(410) 841-3380	pam.queen@house.state.md.us
	Brian Feldman – District 15	(410) 841-3169	brian.feldman@senate.state.md.us
	Ben Kramer – District 19	(410) 841-3151	ben.kramer@senate.state.md.us
	<u>Caroline/Dorchester/Wicomico/Talbot</u>	Chris Adams – District 37B	(410) 841-3343

	Johnny Mautz – District 37B	(410) 841-3429	johnny.mautz@house.state.md.us
<u>Caroline/Cecil/Kent/Queen Anne's</u>	Steve Arentz – District 36	(410) 841-3543	steven.arentz@house.state.md.us
	Steve Hershey – District 36	(410) 841-3639	steve.hershey@senate.state.md.us
<u>Baltimore City</u>	Talmadge Branch – District 45	(410) 841-3398	talmadge.branch@house.state.md.us
	Mary Washington – District 43	(410) 841-3145	mary.washington@senate.state.md.us
	Antonio Hayes – District 40	(410) 841-3656	antonio.hayes@senate.state.md.us
<u>Baltimore County</u>	Ben Brooks – District 10	(410) 841-3352	benjamin.brooks@house.state.md.us
	Carl Jackson – District 8	(410) 841-3766	carl.jackson@house.state.md.us
	Delores Kelley – District 10	(410) 841-3606	delores.kelley@senate.state.md.us
<u>Baltimore & Harford County</u>	Rick Impallaria – District 7	(410) 841-3289	rick.impallaria@house.state.md.us
	JB Jennings – District 7	(410) 841-3706	jb.jennings@senate.state.md.us
<u>Carroll & Frederick County</u>	Jesse Pippy – District 4	(410) 841-3118	jesse.pippy@house.state.md.us
<u>Carroll County</u>	Justin Ready – District 6	(410) 841-3683	justin.ready@senate.state.md.us
<u>Howard County</u>	Courtney Watson – District 9B	(410) 841-3077	courtney.watson@house.state.md.us

Federal Vape Legislation News

Over the past 7 years, we have reported that government and FDA crackdowns on the vape industry were looming. A new restriction was snuck into existence. In December 2020, what some called the “Covid Relief Bill,” others call it the “Omnibus Relief Bill.” This 6000+ page bill encompassed many items - one such item addressed vaping. On approximately page 5400, someone snuck in pages that would ban all vape mail – known as the “Preventing Online Sales of E-Cigarettes to Children Act.” This new law forces online sellers of “nicotine” & “cannabis” vaping products to comply with the Prevent All Cigarette Trafficking Act (PACT). Let’s take a closer look at what these pages discuss as pertaining to vape shipments...

Beginning March 20, 2021, the United States Postal Service (USPS) will no longer accept or deliver packages containing vaping products. Keep in mind, this is from businesses to retail customers. Business to business shipping/receiving is still allowed so yes, we will still be able to stock our shelves. If a package is inspected and found to contain vaping products, a fine will be issued to potentially both parties involved. FedEx, UPS, & DHL have also joined the fray and have instituted their own restrictions.

Breakdown of all carrier restrictions & effective dates:

USPS: March 20, 2021 – Fine of \$150 per item in the package

FedEx: March 1, 2021 – Fine TBD

UPS: April 5, 2021 – Fine of \$150 per package

DHL: April 5, 2021 – Fine TBD

Summary:

As a retail store & online seller, we will adhere to these new restrictions. Although our shipping (mail) option will disappear, curbside pick-up & delivery will still be available. Please remember we will continue to verify proper ID for any/all purchases. Please note this is a national law and therefore applies locally. We are seeking clarification if overseas (military) shipments will still be allowed.

Other news/reminders

As many of you are aware, taste testing has returned. We sterilize all testing devices before and after each use.

Throughout the covid restrictions, products can still be ordered via our website and we will continue to offer curbside and delivery for those who prefer these options (please see [Shipping/Delivery](#) page). Those who enjoy in-store shopping are welcome inside.

When ordering on the website, please view your account details to see if you have accumulated any applicable discount coupons available for use. Currently, our website only allows one coupon per order. We are still working with our website developers to allow the addition of more than one discount per order and applicable military discounts. All in-store purchases allow any/all discounts to be used at once.

Special Orders: If you would like a particular item (i.e., not regularly stocked, larger quantities, etc.) we are happy to special order it for you. However, you must pay in advance and inside the store.

We have added new products to our shelves, so please be thorough during your visit to our website and/or storefront. You may find a new favorite flavor or device to add to your repertoire!!

Stay informed, ALL updates are available on the [News/Events](#) page on our website (vapechalet.com).