

# New York’s Proposed Vapor Tax (S4527-B): What It Would Actually Collect

Policy fact sheet | June 2026

S4527-B / A4619-B would replace New York’s 20%-of-retail vapor products tax with \$0.32 per milliliter on prefilled, sealed products plus 8% of the wholesale price on others, and would add a state product directory that enforces the existing flavor ban. A memo from Altria tells legislators the change would be roughly revenue-neutral, about \$24 million a year. That claim does not hold up: it rests on two basic errors, and the bill would likely cut New York’s vapor tax revenue by roughly half.

### Revenue Today

**\$19M**

New York’s annual vapor products tax revenue (FY2025-26).

### Revenue if S4527-B Passed

**\$7.4-10.2M**

Based on New York’s own tax and sales data under the bill’s new rates.

### Industry’s Claim

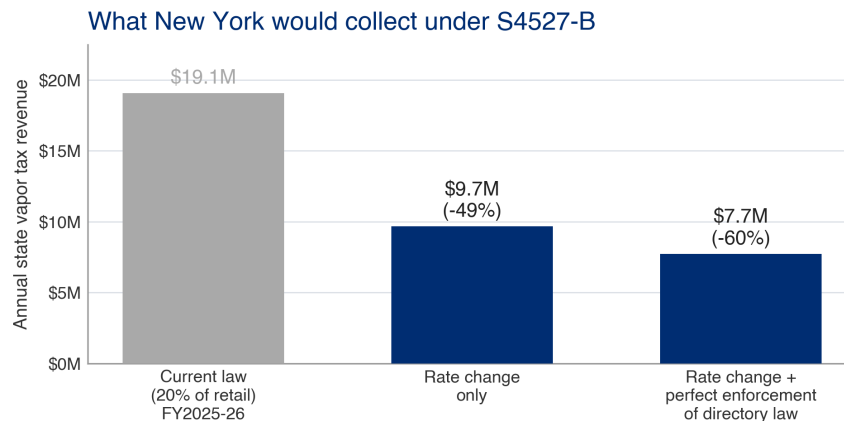
**\$24M**

Altria’s estimate, an overstatement based on basic math errors and incorrectly sourced data.

## The Revenue Impact

**The new rates are a tax cut on e-cigarettes.** They replace today’s 20-percent retail tax with per-milliliter and wholesale charges that come to only about 6 to 11 percent of the typical retail price, about half the current rate. That cut alone would roughly halve New York’s vapor tax revenue, to about \$9.7 million a year (lower rates also mean lower prices, so legal sales rise slightly).

**The product directory adds little.** The directory enforces New York’s flavor ban, but New York already restricts non-tobacco vape flavors, so the e-cigarettes it taxes are overwhelmingly tobacco-flavored. Little is left for the directory to remove, so even perfect enforcement brings revenue only a little lower, to about \$7.7 million. Either way the bill collects far less than the roughly \$19 million New York raises today, and nowhere near Altria’s \$24 million.



Projected annual New York vapor tax revenue, with the demand response included. The 6 to 11 percent figure is the bill’s per-milliliter and wholesale charges expressed as a share of the typical retail price per milliliter (the per-milliliter charge varies with nicotine strength, about 3.5 to 5.5 percent); today’s tax is 20 percent of retail. Sources: NY Dept. of Taxation and Finance; retail sales data from [tobaccomonitoring.org](http://tobaccomonitoring.org) (CDC Foundation / Circana).

## Reviewing the \$24 Million “Revenue-Neutral” Claim

Altria’s memo starts from Connecticut’s vapor tax revenue, scales it up to New York by population and vaping rates (to \$30.3 million), scales it back down for the lower proposed rates (to \$24.2 million), and concludes the bill is about revenue-neutral. Two checkable errors explain the gap.

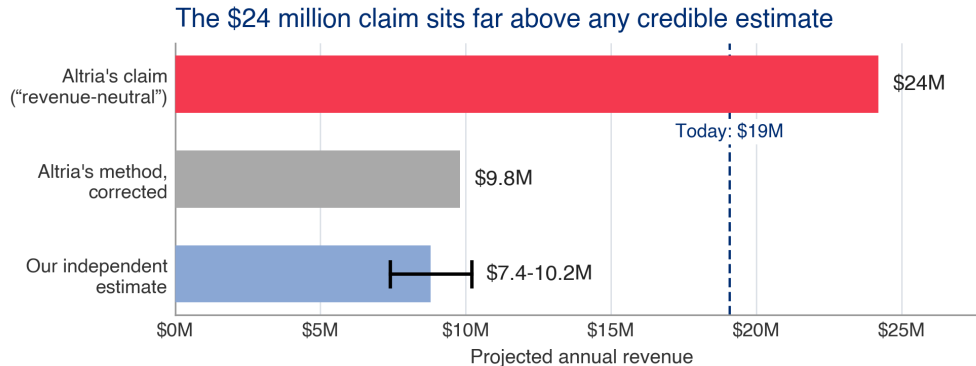
### 1. It borrows Connecticut’s flavored market

Connecticut allows sales of e-cigarettes in every flavor (e.g. fruit, mint, candy), and those flavored products make up ~**82%** of its vapor sales. New York has banned non-tobacco vape flavors since 2020, so retailers can legally sell only tobacco-flavored e-cigarettes and FDA-cleared menthol. Applying Altria’s own methods to the share of products New York retailers can legally sell reduces the projected tax revenue by **more than half**.

### 2. It overstates Connecticut’s revenue

Altria reports \$5.7 million and calls Connecticut’s revenue “stable.” Connecticut’s own Department of Revenue Services reports **\$4.76 million** in the year cited, and revenue has **fallen about 26%** since FY2021-22. Its per-milliliter tax is not indexed to inflation and its taxed volume is shrinking, so revenue erodes in real dollars over time, the opposite of durable.

**Both our estimate and Altria’s corrected estimate point to a steep revenue decline.** Re-pricing New York’s own taxed sales gives about \$7.4 to \$10.2 million a year; correcting Altria’s Connecticut-based method for both errors gives about \$9.8 million, near the top of that range since it still scales up from Connecticut’s broader product market. Both are far below \$24 million. Our estimate is a range because two things cannot be pinned down in advance: the high end pairs the least binding directory with the most price-sensitive demand (an elasticity of -2.2), and the low end pairs perfect enforcement with the least price-sensitive demand (-0.8), the bounds of the published range of e-cigarette price elasticities.



Sources: Connecticut Department of Revenue Services; New York Department of Taxation and Finance; retail sales data from [tobaccomonitoring.org](http://tobaccomonitoring.org) (CDC Foundation / Circana); Altria revenue memo.

### The bottom line

S4527-B would likely reduce New York’s vapor products tax revenue by roughly half. The widely circulated claim that the bill is revenue-neutral comes from an Altria memo built on two basic errors: it applies Connecticut’s flavored market to a state that restricts those flavors, and it overstates Connecticut’s revenue while missing that it is falling. Both errors are easy to check against the states’ own published tax data, and neither leaves the revenue-neutral figure standing.

Source: Authors’ calculations using New York Department of Taxation and Finance vapor products tax collections, Connecticut Department of Revenue Services e-cigarette tax data, and retail sales data from [tobaccomonitoring.org](http://tobaccomonitoring.org), based on custom research by the CDC Foundation using Circana retail POS (Multi-Outlet+ and Convenience); average e-cigarette nicotine concentration from Ali et al. (2025, *Am. J. Prev. Med.*) and Ma et al. (2025, *Prev. Med. Rep.*); bill text S4527-B / A4619-B; and the bounds of the published e-cigarette price elasticity range: -0.8 (Stoklosa et al., *Nicotine & Tob. Res.* 18, 2016) and -2.2 (Cotti et al., *J. Health Econ.* 86, 2022).