



Maryland
Hospital Association

**Senate Bill 03 – Electronic Smoking Devices, Other Tobacco Products, and Cigarettes –
Taxation and Regulation**

Position: *Support*

January 29, 2020

Senate Budget & Taxation Committee

MHA Position

Maryland's 61 nonprofit hospitals and health systems care for millions of people each year, treating 2.3 million in emergency departments and delivering more than 67,000 babies. The 108,000 people they employ are [caring for Maryland](#) around-the-clock every day—delivering leading edge, high-quality medical service and investing a combined \$1.75 billion in their communities, expanding access to housing, education, transportation, and food.

To advance health care and the health of all Marylanders, hospitals are committed to curbing the use of tobacco—a recognized public health epidemic. If unaddressed, the Centers for Disease Control and Prevention estimates that 5.6 million of today's Americans younger than 18 will die early from a smoking-related illness. That's about one of every 13 American youth alive today.

Senate Bill 3 changes the definition of “other tobacco products.” It would include certain consumable products and the components and exclude other products, changing the definition for electronic smoking devices and imposing the tobacco tax on some electronic smoking devices. The Surgeon General reports higher prices on cigarettes and tobacco products is “one of the most effective tobacco control interventions” because increasing price is proven to reduce smoking—especially among kids.ⁱ If the tax only applies to certain products consumers could switch to alternative products that have a lower price point but the same negative health benefits.

Economic modeling shows a higher tobacco tax boosts state tax revenue and lessens rates of smoking. In fiscal year 2019, Maryland received an estimated \$525 million from tobacco settlement payments and taxes. Of this revenue, \$10.5 million was invested in tobacco prevention.ⁱⁱ The changes included in SB 3 would allow the state to receive all the tax benefits from the sale of these products.

Directing some of the funds from this tax toward reduction and prevention programs can increase the benefits for this population. The 2009 federal tobacco tax increase reduced smoking among young people and benefited low-income individuals, researchers found that half of the people whose lives were saved were living below the federal poverty line.ⁱⁱⁱ Aside from health risks associated with tobacco products, the economic impact is substantial. Nationally, smoking-related health care costs were estimated to be \$2.71 billion per year, while productivity losses were estimated to be \$2.22 billion.^{iv}

For these reasons, we urge a *favorable* report.

For more information, please contact:

Jennifer Witten

Jwitten@mhaonline.org

ⁱ Centers for Disease Control and Prevention. E-Cigarette Use Among Youth and Young Adults: A Report of the Surgeon General. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2016. https://www.cdc.gov/tobacco/data_statistics/sgr/e-cigarettes/index.htm

ⁱⁱ Truth Initiative (June 28, 2019) Tobacco use in Maryland 2019. <https://truthinitiative.org/research-resources/smoking-region/tobacco-use-maryland-2019> and CDC Data and Facts. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/youth_data/tobacco_use/index.htm

ⁱⁱⁱ Campaign for Tobacco-Free Kids (January 14, 2020) Tobacco Tax Increases Benefit Lower-Income Smokers and Families <https://www.tobaccofreekids.org/assets/factsheets/0147.pdf>

^{iv} Truth Initiative (June 28, 2019) Tobacco use in Maryland 2019. <https://truthinitiative.org/research-resources/smoking-region/tobacco-use-maryland-2019>