

Raj Singh
2754 Crain Highway
Waldorf, Maryland 20601

February 4, 2020

Maryland General Assembly
90 State Circle
Annapolis, Maryland 21401

Members of the Maryland General Assembly,

My name is Raj Singh. I have owned the Tinderbox in Waldorf, Maryland, since 2014. The Tinderbox is a large local cigar lounge, but at the core it is a family-owned small business.

I was meant to testify against Senate Bill 3 in the Senate Budget and Taxation Committee during the hearing on January 29, 2020 with my industry peers. This legislation would raise the other tobacco products (OTP) tax on premium cigars and pipe tobacco from 15 percent and 30 percent, respectively to 86 percent. Unfortunately, I was in Delaware during the hearing.

I was in Delaware closing 2 out of my 3 tobacco shops. These are businesses I have owned for 12 years. Delaware at one point, like Maryland, had a 15 percent OTP tax. At that time, businesses that sold OTP products were flourishing because Delaware was competitive with online sellers and neighboring states.

In 2017, the OTP tax rate increased to 30 percent. Over the next two years we experienced largely diminishing sales because Delaware could no longer compete with neighboring states or online sellers. My businesses experienced heavy losses month after month and I could no longer hold on to an expense that was at one point an income.

Customers did not stop smoking by any means, they found cheaper sources to buy their cigars. Whether it was shopping tax-free online or traveling to Pennsylvania where there is no premium cigar tax.

My two businesses in Delaware paid over \$150,000 every year in OTP taxes to the state of Delaware plus payroll and sales taxes. Now that they are closed, the state has lost a significant source of tax revenue.

Please do not make the same mistake as Delaware here in Maryland. I own a small business in Waldorf and a damaging tax increase like this, or any tax increase, will hamper our businesses greatly and negatively affect the state's tax revenue.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Raj Singh', with a stylized flourish at the end.

Raj Singh
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