



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 14, 2024

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401-1991

RE: Senate Bill 589 – Tri-County Council for Southern Maryland - Southern Maryland Agricultural Development Commission - Funding – Letter of Opposition

Dear Chair Guzzone and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of opposition for Senate Bill (SB) 589 – Tri-County Council for Southern Maryland - Southern Maryland Agricultural Development Commission - Funding. SB 589 increases the annual Cigarette Restitution Fund (CRF) allocation to the Tri-County Council for Southern Maryland (the Council) from \$900,000 to \$1,000,000 beginning in fiscal year (FY) 2025. Also, SB 589 allows the Governor to allocate in the annual budget up to five percent of the yearly Master Settlement Agreement (MSA) payment made from tobacco companies to Maryland to the Council.

The Cigarette Restitution Fund (CRF) was established in 2000 to receive MSA dollars resulting from a settlement between 46 states, including Maryland, five territories, the District of Columbia and major tobacco companies and to ensure funds were spent on statewide tobacco prevention and control efforts and related programs.^{1,2} The CRF is a critical source of funding for several Department programs, including tobacco prevention and control and cancer prevention, education, screening, and treatment.

The Medical Assistance program is the recipient of whatever CRF funds are left over after any other specific outlined uses, and the funds are used to offset the State share of the program's provider reimbursements. If the program receives \$100,000 less in CRF funds due to an increased allocation to the Council, the State would have to use \$100,000 in general funds to cover those costs instead.

¹ Chapter 172 of the Acts of 1999 (SB 334). Accessed 9 Feb 2024 at <https://mgaleg.maryland.gov/mgawebsite/Search/Legislation?target=/1999rs/billfile/sb0334.htm>.

² Chapter 173 of the Acts of 1999 (HB 751). Accessed 9 Feb 2024 at <https://mgaleg.maryland.gov/mgawebsite/Search/Legislation?target=/1999rs/billfile/hb0751.htm>.

While SB 589 does not require the Governor to allocate up to five percent of the annual MSA payment to the Council, should the Governor exercise this new option, this would greatly reduce the amount of funding available to other CRF programs. For example, the MSA payment for FY 2024 was \$203,344,100 (before adjustments).³ If SB 589 were currently in effect, this would have reduced the MSA payment allocated to other CRF programs by over \$10 million, which would directly impact the State's critical tobacco prevention and control efforts, cancer prevention and treatment work, and the amount of general funds the State uses to cover provider reimbursements. This is a significant concern because Maryland is already well below recommended funding levels for tobacco control and prevention efforts set by the Centers for Disease Control and Prevention.^{4,5}

As aforementioned, SB 589 would have a significant financial impact on the Department and could reduce funding to critical CRF programs.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov.

Sincerely,



Laura Herrera Scott, M.D., M.P.H.
Secretary

³ Department of Budget and Management, "Exhibit H - Cigarette Restitution Fund - Fiscal Year 2024," Accessed 9 Feb 2024 at <<https://dbm.maryland.gov/budget/FY2024FiscalDigest/Exhibit-H-Fiscal-Digest-CRF-FY24.pdf>>.

⁴ American Lung Association, State of Tobacco Control Maryland, 2024, Accessed 9 Feb 2024 at <<https://www.lung.org/research/sotc/state-grades/maryland>>

⁵ Centers for Disease Control and Prevention. Best Practices for Comprehensive Tobacco Control Programs - 2014. 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, 2014. <https://www.cdc.gov/tobacco/stateandcommunity/guides/pdfs/2014/comprehensive.pdf>