



Mid-Atlantic Petroleum Distributors Association  
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TO: House Economic Matters Committee

FROM: Mid-Atlantic Petroleum Distributors Association

DATE: March 28, 2024

RE: **SENATE BILL 1056** – Cigarettes, Other Tobacco Products, and Electronic Smoking Devices - Revisions

On behalf of Maryland’s convenience store marketers and energy distributors, MAPDA urges the committee to issue an unfavorable report on SB1056.

This legislation makes multiple changes to cigarette and other tobacco product (OTP) licensing frameworks including increased fees and enhanced penalties for certain violations. It also bans current cigarette and OTP license holders like convenience stores and gas stations from continuing to sell electronic smoking devices (ESD). The latter is the reason for our strong opposition.

SB1056 would allow only a “vape shop vendor” license holder who *exclusively* sells ESDs and their accessories to sell these products. Some important things to note about this provision:

- No other state has established such a monopoly for vape shops to sell these products.
- Adult users of these products consider them a safer alternative to smoking.
- Industry estimates a nearly \$20 million loss of excise taxes by prohibiting convenience stores and gas stations from selling ESDs.

MAPDA urges the committee to consider the following changes to SB1056:

- On Page 10, Line 1, strike “an electronic smoking devices”;
- On Page 10, Line 3, strike “**EXCLUSIVELY**”;
- On Page 11, Line 23, strike “**\$300**” and substitute “**\$400**”; and
- On Page 12, Line 1, strike “**\$275**” and substitute “**\$375**”

These changes would accomplish the following things:

1. Require a current cigarette/OTP license holder to get a “vape shop vendor” license to continue to sell these products. Current law exempts such license holders from needing an

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additional license to sell ESDs. This change is also a recommendation from the “Comptroller’s Task Force on Electronic Smoking Devices” published in 2020.

2. This change would increase revenue to the State which can be put towards age restriction enforcement. For FY24, Maryland is spending the 7<sup>th</sup> highest amount nationwide (\$21.2M) on tobacco control programs. The fiscal note advises there are approximately 6,500 retailers that sell these products. This change could bring in an estimated \$2.6M per year in new licensing fees.
3. Further, increasing the vape shop vendor license fee from \$300 to \$400 adds another \$650,000 per year towards the Department of Health’s efforts to enforce the laws that prohibit the sale of tobacco, OTP, and ESDs to individuals younger than 21.

As noted, there are approximately 6,500 Maryland small businesses – many of whom are the primary grocers in their neighborhoods – that will be hurt by this bill. SB1056 will eat into the margins of an industry already struggling with increased costs including a minimum wage hike and a likely cut in their commissions as retail lottery agents by the end of this Session.

Thank you for your consideration.

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