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THE SENATE OF MARYLAND  
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**Testimony in support of SB 1018 - Tobacco Product Manufacturers – Escrow Act –  
Alterations**

Every single cigarette sold to our residents represents a small damage to our community. It represents addiction, detrimental health outcomes, and dirtier streets. Nonetheless, some companies who are equally complicit in this danger have gone unscathed for far too long.

Nonparticipating manufacturers, those who were not part of the Escrow Act and state settlement in 1998, do not have to pay into the Escrow account perpetually. It allows these companies to collect all interest accrued from their payments and allows them to get their money back in 25 years. This has turned an important source of state revenue into a savings account for these companies, only contributing to lower prices that encourage addiction. When consumers see that one company offers much cheaper cigarette packages, they think of it as a deal, not as a health problem, and this can only lead to more people being entrapped by this industry.

Thus, we look to create a more equitable environment for these companies to pay their debt to society, which they increasingly have a higher burden for. The price differential between participating and non-participating has heavily increased the market share of those who were not part of the settlement, as they boosted their sales 9 times over following the creation of the cigarette tax. Our tax revenues are consistently going down, but cigarette sales among the youngest populations have steadily grown in the past few years. This is clear evidence that the current system is no longer fit to tackle this issue properly.

This legislation would thus restore a level playing field by requiring every manufacturer to make the same contributions for the same damage, regardless of their participation in the agreement. The more these companies grow, the more we condone the damage they have caused to our community in the past 25 years. Every company has to pay its fair share so that our healthcare costs don't go up in smoke.

For this reasons, I respectfully request a favorable committee report on SB 1018.