



DEPARTMENT OF HEALTH

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

March 8, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401-1991

The Honorable Benjamin F. Kramer
401 Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: Senate Bill 1056 – Cigarettes, Other Tobacco Products, and Electronic Smoking Devices - Revisions (Tobacco Retail Modernization Act of 2024) – Fiscal Impact as Amended

Dear Chair Beidle and Senator Kramer,

The Maryland Department of Health (Department) respectfully submits this letter regarding the estimated fiscal impact that Senate Bill (SB) 1056 – Cigarettes, Other Tobacco Products, and Electronic Smoking Devices - Revisions (Tobacco Retail Modernization Act of 2024) would have on the Department as amended.

The Department has appreciated working with Senator Kramer on this bill. With the amendments put forward by Senator Kramer yesterday in the final reprint, the Department estimates that this bill would be fiscally neutral. With Senator Kramer's amendments, SB 1056 would allow the Department to work through designees versus establishing a new program in house, while also generating revenue to conduct enforcement activities for the Department and Montgomery County by increasing retailer licensing fees, from \$25 to \$300. As amended, SB 1056 distributes \$25 to the Executive Director of the ATCC, and \$275 to the Department or, for retailers in Montgomery County, to Montgomery County. An existing carve out in statute allows Montgomery County to conduct their own inspections of the approximately 675 tobacco retailers within the County. With approximately 6,500 tobacco retailers in Maryland, including 675 retailers in Montgomery County, increases in licensing fees could generate up to \$1,601,875 in revenue for the Department and \$185,625 for Montgomery County to offset the costs of conducting retailer inspections through designees, including local health departments.

The revenue from the licensing fees to the Department would also offset the other costs of SB 1056. Specifically, the Department will have to hire an additional staff person to assist with coordinating funding of and reporting from local health departments; notify and distribute

updated materials to retailers, local health departments, and other partners regarding the new provisions of the bill; and conduct a one-time study of tobacco enforcement efforts with ATCC. We estimate the total costs of these expenditures to be less than the revenue generated from the fees.

If you have any questions, please contact Sarah Case-Herron, Director of Government Affairs, at sarah.case-herron@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "LH Scott", is positioned above the typed name.

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