



Memorandum In Support w/Amendments of HB 1073 – Delegate Barnes

House Ways & Means Committee

February 27, 2024

American Cancer Society Cancer Action Network is the nonprofit nonpartisan advocacy affiliate of the American Cancer Society. ACS CAN empowers cancer patients, survivors, their families and other experts on the disease, amplifying their voices and public policy matters that are relevant to the cancer community at all levels of government. We support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. On behalf of our constituents, many of whom have been personally affected by cancer, we stand in strong support of HB 1073 with amendments. We recommend that the bill to raise the tax on cigarettes be raised by \$1.50 instead of the bill's stated .75/pack. In addition, we urge you to increase the tax on all other tobacco products, including electronic smoking devices to 79% of wholesale to prevent kids from starting to use tobacco and help adults quit.

In 2024, it is estimated that 36,410 Marylanders will hear the chilling phrase “you have cancer.” It's also estimated that almost 10,310 will die from cancer.¹ 27.3% of cancer deaths in Maryland are attributable to smoking according to the American Cancer Society.²

Here in Maryland 18.2% of adults use any tobacco product, including 12.5% who use cigarettes.³ Tobacco product use among youth is much too high, 5.0% of Maryland high school students smoke cigarettes, 6.0% smoke cigars, 4.6% use smokeless tobacco, and 23% use electronic smoking devices.⁴

While the personal toll of tobacco is high, this deadly product also costs the U.S. economy billions of dollars in preventable health care expenditures and lost worker productivity. Total health care costs, public and private, spent on smoking-caused disease in our state each year stands \$2.71 billion.⁵ As a consequence of this, Maryland residents pay \$682 per household annually in additional state and federal taxes to cover smoking-caused government expenditures.⁶

Raising the tax on cigarettes and other tobacco products is supported by strong science and evidence. The 2014 U. S. Surgeon General Report, *The Health Consequences of Smoking – 50 years of Progress* concludes that increases in the price of tobacco products, including those resulting from excise tax increases, prevent initiation of tobacco use, promote cessation, and reduce the prevalence and intensity of tobacco use among youth and adults.⁷ This conclusion reaffirms findings from previous Surgeon General's reports on tobacco use that raising the price of tobacco is one of

¹ American Cancer Society. Maryland Cancer Facts and Figures 2024. Atlanta: American Cancer Society; 2024.

² Lortet-Tieulent J, Goding Sauer, A, Siegel, RL, Miller, KD, Islami, F, Fedewa, SA, Jacobs, EJ, Jemal A. State-Level Cancer Mortality Attributable to Cigarette Smoking in the United States. JAMA Internal Medicine. Published online October 24, 2016.

³ Maryland Department of Health. BRFSS 2018. Unpublished. Local Health Department Tobacco Control Meeting, November 21, 2019.

⁴ Maryland Department of Health. YRBS/YTS 2019. Unpublished. Local Health Department Tobacco Control Meeting, November 21, 2019.

⁵ Campaign for Tobacco-Free Kids. The Toll of Tobacco in Maryland. Updated January 15, 2020. https://www.tobaccofreekids.org/facts_issues/toll_us/maryland

⁶ Ibid

⁷ U.S. Department of Health and Human Services (HHS). *The Health Consequences of Smoking – 50 Years of Progress: A Report of the Surgeon General*. Atlanta, GA. U. S. Department of Health and Human Services, Centers for Disease Control and Prevention and Health Promotion, Office of Smoking and Health; 2014. Available at <http://www.surgeongeneral.gov/library/reports/50-years-of-progress/exec-summary.pdf>.



the most effective tobacco prevention and control strategies, and that increasing the price of cigarettes and tobacco products decreases the prevalence of tobacco use, particularly among youth and young adults.⁸ [A bibliography that lists other peer-reviewed publications and reports that attest to the health benefits of tobacco tax increases is appended to this testimony.]

Additionally, the 2020 Surgeon General *Smoking Cessation: A Report of the Surgeon General* backs up previous findings. The Surgeon General states that, “population-based strategies are aimed at influencing tobacco cessation at a macro level by motivating smokers to quit and by providing an environment that supports or simplifies efforts to quit or lowers barriers to quitting that smokers might encounter.”⁹ He also notes that, “population-based strategies include increasing the price of and/or the tax on cigarettes and other tobacco products, restricting where tobacco can be used by implementing smoke-free and tobacco-free policies, and adequately funding tobacco control programs at the state level will decrease prevalence of tobacco use.”¹⁰

ACS CAN, in partnership with the Campaign for Tobacco-Free Kids and Dr. Frank Chaloupka and his Tobacconomics research team, has developed a projections model to estimate the public health and economic benefits produced by significant increases in state cigarette excise taxes. This predictive model is constantly being updated as new data comes in, and it incorporates data from the 48 U.S. states who have increased their cigarette taxes 144 times since 2000. In support of our suggested amendments to HB 1073, our research projections estimate that increasing Maryland’s cigarette tax by \$1.50 per pack would generate \$50.48 million in new annual revenue for the state as well as:

- Reduce youth smoking by 11.3%.
- Prevent 3,400 kids under 18 from becoming adults who smoke.
- Help 14,900 adults who currently smoke quit.
- Prevent 4,600 premature smoking-caused deaths.
- Provide \$224.81 million in long-term health care cost savings from adult and youth smoking declines.

Increasing the tax on all other tobacco products at the same time would produce additional health and economic benefits for Maryland.

It is important to keep in mind that the health and revenue impact of tobacco tax increases is largely dependent on the policy creating a significant and sustained change in the real *price* of tobacco products at the retail level, and also on the degree to which the price increase applies to *all* product categories.

Ensuring that the tax increase is applicable to all categories of tobacco products including electronic smoking devices will greatly benefit tobacco prevention and cessation outcomes, in addition to the state’s balance sheet, by discouraging consumers from switching to lower-taxed, lower-cost products. If not all products are priced equally, simply stated, Maryland can expect to see diminished positive outcomes as a result. Currently in Maryland, other

⁸ HHS, 2014.

⁹ U.S. Department of Health and Human Services (HHS). *Smoking Cessation: A Report of the Surgeon General- Executive Summary*. Rockville, MD. U. S. Department of Health and Human Services, Public Health Service, Office of the Surgeon General; 2020. Available at <https://www.hhs.gov/sites/default/files/2020-cessation-sgr-executive-summary.pdf>.

¹⁰ U.S. Department of Health and Human Services (HHS). *Smoking Cessation: A Report of the Surgeon General- Executive Summary*. Rockville, MD. U. S. Department of Health and Human Services, Public Health Service, Office of the Surgeon General; 2020. Available at <https://www.hhs.gov/sites/default/files/2020-cessation-sgr-executive-summary.pdf>.



tobacco products have an excised tax of 30% of wholesale for other tobacco products, 70% of wholesale for cigars, 15% of wholesale for premium cigars, and electronic smoking devices do not receive an excise tax at all. We should not allow such highly addictive products to avoid being taxed the same rate as cigarettes.

The good news is that a cigarette tax increase of \$1.50 per pack with parity on all other tobacco products, including electronic smoking devices at 79% wholesale as contained in our amended HB 1073 will result in a significant price increase, providing a strong antidote to the aggressive marketing tactics being employed by tobacco companies. In Maryland, tobacco manufacturers spend \$126.2 million each year to market their deadly and addictive products to our state's most vulnerable populations.¹¹ Tobacco advertising has evolved a lot over the years, much of it now being focused on pricing and retail promotions. Tobacco companies spent nearly \$7.95 billion in 2017, 92% of their cigarette marketing budgets, on coupons and promotions that reduced the prices consumers paid for cigarettes.¹²

Anything less than the tax increase proposed in the amended version of HB 1073 can be more easily offset by the tobacco companies using these same types of coupons, discounts and price manipulations that are designed to keep people addicted in spite of a tobacco tax increase. For that reason, it is critical to protect the state's interest in both health and revenue and not appease the tobacco industry with a tax increase of a lesser amount.

Among people who currently smoke in the U.S., 68% report that they want to quit tobacco use completely.¹³ In response to this proposed tobacco tax increase, we recognize that thousands more people will be interested in trying to quit. Some will successfully quit on their own as a result of the price increase, but others will need additional help. Many people in Maryland lack adequate tobacco cessation resources, and these problems can undermine the positive outcomes that would otherwise result from this tax. For this reason, we urge that millions of additional dollars be allocated to the state's comprehensive tobacco control program to help support the cessation goals of this policy. Strengthening prevention and cessation resources in the state is particularly important so that all population segments can receive help in trying to successfully quit, or avoid starting tobacco use altogether, regardless of income or other social determinants.

In closing, from the cancer control perspective, we believe the status quo that perpetuates preventable tobacco-related death and disease is unacceptable. The relatively low price of tobacco products makes it too easy for youth to afford to start smoking and continue smoking, and current tobacco tax rates do little to defray the enormous societal cost smoking has on the state and federal economy. If we are serious about reducing the toll of preventable cancer and chronic disease in our state, a high-impact tobacco tax increase such as this will help us achieve that life-saving mission. We urge you to vote "favorably" on HB 1073 with amendments to increase the cigarette tax by \$1.50 per pack and increase the tax on all other tobacco products to 79% of wholesale because your action is needed now to prevent the start of youth tobacco use—and to help put an end to the devastation that tobacco continues to inflict on Maryland children and families.

Thank you.

¹¹ Campaign for Tobacco-Free Kids. The Toll of Tobacco in Maryland. Updated January 15, 2020. https://www.tobaccofreekids.org/facts_issues/toll_us/maryland

¹² Federal Trade Commission. [Cigarette Report for 2017](#). Washington: Federal Trade Commission, 2019.

¹³ Centers for Disease Control and Prevention. [Quitting Smoking Among Adults—United States, 2000–2015](#). Morbidity and Mortality Weekly Report 2017;65(52):1457-64 [accessed 2017 Jan 24].