



Mid-Atlantic Petroleum Distributors Association  
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TO: House Ways & Means Committee

FROM: Mid-Atlantic Petroleum Distributors Association

DATE: February 27, 2024

RE: **HOUSE BILL 1073** – Tobacco Tax – Cigarettes – Rate Alteration

On behalf of Maryland's convenience stores and energy marketers, MAPDA urges the committee to issue an unfavorable report on HB1073.

This legislation would increase the current tax on a pack of 20 cigarettes from \$3.75 to \$4.50 and from 17.5 cents to 22.5 cents for each cigarette in a pack of more than 20.

This bill will have the opposite effect of its intended purpose – to raise revenue for the state. Increased cigarette taxes do not provide sustainable revenue.

Maryland is surrounded by states with lower tax rates on cigarettes. Virginia has a 6.5 times lower tax rate. West Virginia, Pennsylvania, and Delaware are all much lower than Maryland as well. If HB1073 were enacted it would give Maryland the 3<sup>rd</sup> highest tax rate in the nation.

According to data from the Tax Foundation, Maryland ranks 8<sup>th</sup> nationally for cigarettes smuggled into the state costing it \$220 million. Increasing it 20% as HB1073 would do will create more of an incentive for illicit sales.

For these reasons, MAPDA urges an unfavorable report on HB1073 and asks the committee to not put our retailers at a disadvantage to our neighbors and to not embolden criminals in the illicit market for this product.

**Feeding and fueling the economy through gas, coffee, food, heating oil and propane.**

MAPDA is an association of convenience stores and energy distributors in Maryland, Delaware & the District of Columbia.