

# HOUSE BILL 321

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By: ~~Delegate Rosenberg~~ Delegates Rosenberg, Pena-Melnyk, Cullison, Alston, Bagnall, Bhandari, Guzzone, Hill, S. Johnson, Kaiser, Kerr, Kipke, R. Lewis, Lopez, Martinez, Taveras, White, and Woods

Introduced and read first time: January 25, 2023  
Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 1, 2023

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Cigarette Restitution Fund – Payments for Sale and Marketing of Electronic**  
3 **Smoking Devices – Use**

4 FOR the purpose of requiring the Cigarette Restitution Fund to include a separate account  
5 consisting of payments received by the State ~~as a result of litigation by participating~~  
6 ~~manufacturers~~ from certain enforcement actions related to the sale and marketing  
7 of electronic smoking devices; providing that distributions from the separate account  
8 may be used ~~only, consistent with any other State law,~~ to supplement General Fund  
9 appropriations designated for certain programs with the purpose of reducing the use  
10 of tobacco products by individuals under a certain age; and generally relating to the  
11 Cigarette Restitution Fund.

12 BY repealing and reenacting, without amendments,  
13 Article – State Finance and Procurement  
14 Section 7–317(a) and (f)  
15 Annotated Code of Maryland  
16 (2021 Replacement Volume and 2022 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article – State Finance and Procurement  
19 Section 7–317(b) and (i)  
20 Annotated Code of Maryland  
21 (2021 Replacement Volume and 2022 Supplement)

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to  
2 Article – State Finance and Procurement  
3 Section 7–317(i)  
4 Annotated Code of Maryland  
5 (2021 Replacement Volume and 2022 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
7 That the Laws of Maryland read as follows:

8 **Article – State Finance and Procurement**

9 7–317.

10 (a) There is a Cigarette Restitution Fund.

11 (b) (1) The Fund is a continuing, nonlapsing fund that is not subject to §  
12 7–302 of this subtitle.

13 (2) [Except as provided in subsection] **SUBJECT TO SUBSECTIONS (h)**  
14 **AND (I)** of this section, there shall be credited to the Fund all revenues consisting of funds  
15 received by the State from any source resulting, directly or indirectly, from any judgment  
16 against or settlement with tobacco product manufacturers, tobacco research associations,  
17 or any other person in the tobacco industry relating to litigation, administrative  
18 proceedings, or any other claims made or prosecuted by the State to recover damages for  
19 violations of State law.

20 (3) There shall be credited to the Fund all money collected under § 24–508  
21 of the Health – General Article or § 5–608 of the Labor and Employment Article.

22 (f) (1) The Cigarette Restitution Fund shall be used to fund:

23 (i) the Tobacco Use Prevention and Cessation Program established  
24 under Title 13, Subtitle 10 of the Health – General Article;

25 (ii) the Cancer Prevention, Education, Screening, and Treatment  
26 Program established under Title 13, Subtitle 11 of the Health – General Article;

27 (iii) the activities of the Southern Maryland Agricultural  
28 Development Commission, in accordance with § 13–611 of the Economic Development  
29 Article; and

30 (iv) other programs that serve the following purposes:

31 1. reduction of the use of tobacco products by individuals  
32 under the age of 21 years;

1                                   2.     implementation of the Southern Maryland Regional  
2 Strategy–Action Plan for Agriculture adopted by the Tri–County Council for Southern  
3 Maryland with an emphasis on alternative crop uses for agricultural land now used for  
4 growing tobacco;

5                                   3.     public and school education campaigns to decrease tobacco  
6 use with initial emphasis on areas targeted by tobacco manufacturers in marketing and  
7 promoting cigarette and tobacco products;

8                                   4.     smoking cessation programs;

9                                   5.     enforcement of the laws regarding tobacco sales;

10                                  6.     the purposes of the Maryland Health Care Foundation  
11 under Title 20, Subtitle 5 of the Health – General Article;

12                                  7.     primary health care in rural areas of the State and areas  
13 targeted by tobacco manufacturers in marketing and promoting cigarette and tobacco  
14 products;

15                                  8.     prevention, treatment, and research concerning cancer,  
16 heart disease, lung disease, tobacco product use, and tobacco control, including operating  
17 costs and related capital projects;

18                                  9.     substance abuse treatment and prevention programs; and

19                                  10.    any other public purpose.

20                   (2)     The provisions of this subsection may not be construed to affect the  
21 Governor’s powers with respect to a request for an appropriation in the annual budget bill.

22                   **(I)    (1)    THE FUND SHALL INCLUDE A SEPARATE ACCOUNT CONSISTING**  
23 **OF PAYMENTS RECEIVED BY THE STATE ~~AS A RESULT OF LITIGATION BY~~**  
24 **~~PARTICIPATING MANUFACTURERS~~ FROM ANY JUDGMENT, SETTLEMENT, PENALTY,**  
25 **OFFER OF COMPROMISE, OR ANY OTHER ENFORCEMENT ACTION RELATED TO THE**  
26 **SALE AND MARKETING OF ELECTRONIC SMOKING DEVICES.**

27                   **(2)    DISTRIBUTIONS FROM THE SEPARATE ACCOUNT ESTABLISHED**  
28 **UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE USED ~~ONLY~~, CONSISTENT WITH**  
29 **ANY OTHER PROVISION OF STATE LAW, TO SUPPLEMENT THE GENERAL FUND**  
30 **APPROPRIATIONS DESIGNATED FOR PROGRAMS UNDER SUBSECTION (F) OF THIS**  
31 **SECTION WITH THE PURPOSE OF REDUCING THE USE OF TOBACCO PRODUCTS BY**  
32 **INDIVIDUALS UNDER THE AGE OF 21 YEARS.**

33                   **[(i)] (J)**     For each program, project, or activity receiving funds appropriated  
34 under subsection (g)(3) of this section, the Governor shall:

1           (1)    develop appropriate statements of vision, mission, key goals, key  
2 objectives, and key performance indicators and report these statements in a discrete part  
3 of the State budget submission, which shall also provide data for key performance  
4 indicators; and

5           (2)    report annually, subject to § 2-1257 of the State Government Article,  
6 to the General Assembly no later than November 1 on:

7                   (i)    total funds expended, by program and subdivision, in the prior  
8 fiscal year from the Fund established under this section; and

9                   (ii)   the specific outcomes or public benefits resulting from that  
10 expenditure.

11           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 October 1, 2023.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.