

# SENATE BILL 987

Q3, J1

6lr3577

---

By: **Senator Lewis Young**

Introduced and read first time: February 15, 2026

Assigned to: Rules

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Income Tax – Addition Modification – Direct-to-Consumer**  
3 **Pharmaceutical Advertising**

4 FOR the purpose of providing an addition modification under the corporate income tax for  
5 the amount of certain direct-to-consumer advertising expenses for certain covered  
6 drugs paid or incurred during the taxable year that are deducted under the Internal  
7 Revenue Code; providing for the distribution of revenue attributable to the addition  
8 modification; and generally relating to an addition modification for  
9 direct-to-consumer advertising expenses.

10 BY repealing and reenacting, without amendments,  
11 Article – Insurance  
12 Section 31–107(a)  
13 Annotated Code of Maryland  
14 (2017 Replacement Volume and 2025 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article – Insurance  
17 Section 31–107(e)(2)  
18 Annotated Code of Maryland  
19 (2017 Replacement Volume and 2025 Supplement)

20 BY adding to  
21 Article – Insurance  
22 Section 31–107(g)(6)  
23 Annotated Code of Maryland  
24 (2017 Replacement Volume and 2025 Supplement)

25 BY adding to  
26 Article – Tax – General  
27 Section 2–605.4 and 10–305(e)

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2022 Replacement Volume and 2025 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article – Tax – General  
5 Section 2–606(a)  
6 Annotated Code of Maryland  
7 (2022 Replacement Volume and 2025 Supplement)

8 BY repealing and reenacting, without amendments,  
9 Article – Tax – General  
10 Section 10–305(a)  
11 Annotated Code of Maryland  
12 (2022 Replacement Volume and 2025 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article – Insurance  
15 Section 31–107(g)(6)  
16 Annotated Code of Maryland  
17 (2017 Replacement Volume and 2025 Supplement)  
18 (As enacted by Section 1 of this Act)

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

21 **Article – Insurance**

22 31–107.

23 (a) There is a Maryland Health Benefit Exchange Fund.

24 (e) The Fund consists of:

25 (2) all revenue deposited into the Fund that is received from the  
26 distribution of:

27 (I) the premium tax under § 6–103.2 of this article; AND

28 (II) THE INCOME TAX UNDER § 2–605.4(2) OF THE TAX –  
29 GENERAL ARTICLE;

30 (g) (6) (I) FUNDS RECEIVED FROM THE DISTRIBUTION OF THE  
31 INCOME TAX REVENUE UNDER § 2–605.4(2) OF THE TAX – GENERAL ARTICLE MAY  
32 BE USED ONLY FOR THE PURPOSE OF FUNDING HEALTH INSURANCE SUBSIDY  
33 PROGRAMS, INCLUDING THE STATE–BASED HEALTH INSURANCE SUBSIDIES

1 **PROGRAM AND THE STATE-BASED YOUNG ADULT HEALTH INSURANCE SUBSIDIES**  
2 **PROGRAM.**

3 **(II) IN ORDER TO IMPROVE THE AFFORDABILITY OF HEALTH**  
4 **INSURANCE COVERAGE, THE BOARD OF TRUSTEES OF THE MARYLAND HEALTH**  
5 **BENEFIT EXCHANGE SHALL ALLOCATE FUNDS RECEIVED FROM THE DISTRIBUTION**  
6 **OF THE INCOME TAX REVENUE UNDER § 2-605.4(2) OF THE TAX - GENERAL**  
7 **ARTICLE BETWEEN HEALTH INSURANCE SUBSIDY PROGRAMS.**

8 **Article - Tax - General**

9 **2-605.4.**

10 **AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-604, 2-605,**  
11 **2-605.1, 2-605.2, AND 2-605.3 OF THIS SUBTITLE, FROM THE REMAINING INCOME**  
12 **TAX REVENUE FROM INDIVIDUALS, THE COMPTROLLER SHALL DISTRIBUTE THE**  
13 **REVENUE ATTRIBUTABLE TO THE ADDITION MODIFICATION UNDER § 10-305(E) OF**  
14 **THIS ARTICLE AS FOLLOWS:**

15 **(1) THE FIRST \$5,000,000 TO THE MARYLAND DEPARTMENT OF**  
16 **HEALTH TO BE USED FOR MEDICAID ELIGIBILITY OPERATIONS; AND**

17 **(2) THE REMAINING REVENUE TO THE MARYLAND HEALTH BENEFIT**  
18 **EXCHANGE FUND ESTABLISHED UNDER § 31-107 OF THE INSURANCE ARTICLE.**

19 **2-606.**

20 **(a) After making the distributions required under §§ 2-604 through [2-605.3]**  
21 **2-605.4 of this subtitle, from the remaining income tax revenue from individuals, the**  
22 **Comptroller shall distribute to an unallocated individual revenue account the income tax**  
23 **revenue:**

24 **(1) with respect to which an income tax return is not filed; and**

25 **(2) that is attributable to:**

26 **(i) income tax withheld from salary, wages, or other compensation**  
27 **for personal services under Title 10 of this article; or**

28 **(ii) estimated income tax payments by individuals.**

29 **10-305.**

1 (a) To the extent excluded from federal taxable income, the amounts under this  
2 section are added to the federal taxable income of a corporation to determine Maryland  
3 modified income.

4 (E) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
5 MEANINGS INDICATED.

6 (II) "COVERED DRUG" MEANS:

7 1. A PRESCRIPTION DRUG PRODUCT AS DEFINED IN §  
8 735 OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT; OR

9 2. A DRUG COMPOUNDED IN ACCORDANCE WITH § 503A  
10 OR § 503B OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT.

11 (III) "COVERED ENTITY" MEANS:

12 1. A SPONSOR OF A PRESCRIPTION DRUG PRODUCT AS  
13 DEFINED IN § 735 OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT; OR

14 2. A PERSON THAT, EITHER DIRECTLY OR INDIRECTLY  
15 THROUGH A SUBSIDIARY, OWNS AN OUTSOURCING FACILITY AS DEFINED IN § 503B  
16 OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT.

17 (IV) 1. "DIRECT-TO-CONSUMER ADVERTISING" MEANS ANY  
18 DISSEMINATION, BY OR ON BEHALF OF A COVERED ENTITY, OF AN ADVERTISEMENT  
19 THAT IS IN REGARD TO A COVERED DRUG AND PRIMARILY TARGETED TO THE  
20 GENERAL PUBLIC, INCLUDING THROUGH:

21 A. BROADCASTING THROUGH MEDIA SUCH AS RADIO,  
22 TELEVISION, TELEPHONE COMMUNICATION SYSTEMS, DIRECT MAIL, AND  
23 BILLBOARDS; AND

24 B. DISSEMINATION ON THE INTERNET OR THROUGH  
25 DIGITAL PLATFORMS, INCLUDING SOCIAL MEDIA, MOBILE MEDIA, WEB  
26 APPLICATIONS, DIGITAL APPLICATIONS, MOBILE APPLICATIONS, AND ELECTRONIC  
27 APPLICATIONS.

28 2. "DIRECT-TO-CONSUMER ADVERTISING" DOES NOT  
29 INCLUDE AN ADVERTISEMENT MADE THROUGH PUBLICATION IN JOURNALS AND  
30 OTHER PERIODICALS.

31 (2) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION  
32 INCLUDES ANY EXPENSES PAID OR INCURRED DURING THE TAXABLE YEAR THAT ARE

1 DEDUCTED UNDER § 162 OF THE INTERNAL REVENUE CODE FOR  
2 DIRECT-TO-CONSUMER ADVERTISING OF COVERED DRUGS.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
4 as follows:

5 **Article – Insurance**

6 31–107.

7 (g) (6) (i) Funds received from the distribution of the income tax revenue  
8 under § 2–605.4(2) of the Tax – General Article may be used only for the purpose of funding  
9 health insurance subsidy programs, including [the State–Based Health Insurance  
10 Subsidies Program and] the State–Based Young Adult Health Insurance Subsidies  
11 Program.

12 (ii) In order to improve the affordability of health insurance  
13 coverage, the Board of Trustees of the Maryland Health Benefit Exchange shall allocate  
14 funds received from the distribution of the income tax revenue under § 2–605.4(2) of the  
15 Tax – General Article between health insurance subsidy programs.

16 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take  
17 effect on the taking effect of the termination provision specified in Section 2 or 3 of Chapter  
18 468 of the Acts of the General Assembly of 2025. This Act may not be interpreted to have  
19 any effect on that termination provision.

20 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section  
21 3 of this Act, this Act shall take effect July 1, 2026, and shall be applicable to all taxable  
22 years beginning after December 31, 2025.