

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1282 (Delegate Young, *et al.*)
 Economic Matters

Tobacco Products, Other Tobacco Products, and Electronic Smoking Devices -
 Advertising to Minors - Prohibition

This bill prohibits a person licensed to sell cigarettes, other tobacco products (OTP), or electronic smoking devices (ESD) from directly or indirectly advertising or marketing tobacco products, OTP, or ESD or vaping liquid, respectively, to individuals younger than 21, as specified.

Fiscal Summary

State Effect: General fund expenditures for the Alcohol, Tobacco, and Cannabis Commission (ATCC) increase by at least \$506,600 in FY 2027 for personnel to oversee advertising by licensees, as discussed below. Future years reflect annualization and ongoing costs. General fund revenues increase to the extent existing penalties are imposed on OTP or ESD licensees, beginning in FY 2027, as discussed below.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	-	-	-	-	-
GF Expenditure	\$506,600	\$594,300	\$622,000	\$650,200	\$678,600
Net Effect	(\$506,600)	(\$594,300)	(\$622,000)	(\$650,200)	(\$678,600)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Application of existing penalty provisions is not anticipated to materially impact local revenues or expenditures.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A person licensed under Title 16 of the Business Regulation Article (cigarettes) is prohibited from advertising or marketing tobacco products to individuals younger than 21. A person licensed under Title 16.5 of the Business Regulation Article (OTP) is prohibited from advertising or marketing OTP to individuals younger than 21. A person licensed under Title 16.7 of the Business Regulation Article (ESD) is prohibited from advertising or marketing ESD or vaping liquid to individuals younger than 21.

For cigarette, OTP, and ESD licensees, it is a violation of the bill's prohibitions to use any of the following in the advertising, promotion, packaging, or labeling of a tobacco product, OTP, or ESD, respectively:

- a cartoon;
- a superhero;
- a video game reference;
- an image of a food product intended for minors;
- a trademark that imitates or mimics the trademark of a product that has been advertised or marketed to minors;
- a symbol or celebrity that is primarily associated with minors or media primarily directed to individuals younger than 21; and
- an image of an individual who appears to be younger than 27.

In addition, a person licensed to sell cigarettes, OTP, or ESD may not advertise or promote a tobacco product, OTP, or ESD, respectively:

- in a newspaper, magazine, periodical, or other publication for which individuals younger than 21 constitute 15% or more of the total audience;
- at a concert, stadium, sporting event, or other public event for which individuals younger than 21 constitute 15% or more of the total audience; or
- on an outdoor billboard or sign board that is within 500 feet of a school.

Current Law: Titles 16, 16.5, and 16.7 of the Business Regulation Article govern tobacco licensing and the sale and distribution of cigarettes, OTP, and ESD.

“ESD” is defined as a device that can be used to deliver aerosolized or vaporized nicotine to an individual inhaling from the device. It includes (1) an electronic cigarette, an electronic cigar, an electronic cigarillo, an electronic pipe, an electronic hookah, a vape pen, and vaping liquid and (2) any component, part, or accessory of such a device regardless of whether or not it is sold separately, including any substance intended to be aerosolized or vaporized during use of the device. “ESD” excludes a drug, device, or

combination product authorized for sale by the U.S. Food and Drug Administration (FDA) under the Food, Drug, and Cosmetic Act or a battery or battery charger when sold separately.

“OTP” is defined as any product that is intended for human consumption or likely to be consumed, whether smoked, heated, chewed, absorbed, dissolved, inhaled, or ingested in any manner that is made of, derived from, or contains tobacco or nicotine, with specified exclusions. “OTP” (1) includes cigars, premium cigars, pipe tobacco, snuff, snus, filters, rolling papers, pipes, and hookahs and (2) excludes cigarettes, ESD, tobacco pipes (as defined in the Tax – General Article), or drugs, devices, or combination products authorized for sale by FDA under the federal Food, Drug, and Cosmetic Act.

ATCC is responsible for monitoring and enforcement activities related to tobacco licenses.

Existing Penalties for Violations

A person that violates any provision of Title 16.5 (OTP) or 16.7 (ESD) of the Business Regulation Article is guilty of a misdemeanor and on conviction is subject to a fine of up to \$1,000 and/or imprisonment for up to 30 days.

Required Signs for Retail Licensees

A cigarette, OTP, or ESD retailer must post a sign in a location that is clearly visible to the consumer that states, in letters that are at least one half-inch high, “No person under the age of 21 may be sold tobacco products.”

Criminal Provisions – Sale to a Minor

A person who distributes tobacco products for commercial purposes may not distribute a tobacco product, tobacco paraphernalia, or a coupon redeemable for a tobacco product to an individual younger than 21. In addition, a person may not purchase for, sell to, or distribute to an individual younger than 21 a tobacco product or tobacco paraphernalia. A violator is guilty of a misdemeanor and subject to a fine of up to \$500 for a first violation, \$1,000 for a second violation within two years, and \$3,000 for each subsequent violation within two years after the preceding violation.

If a licensee violates these provisions, a court must order ATCC to (1) suspend the license for up to 90 days for a second violation; (2) suspend the license for up to 180 days for a subsequent violation; and (3) revoke the license for each subsequent violation. Upon the court’s determination above, the clerk of the court must send a copy of the final order issued by the court to the Executive Director of ATCC.

Sales Requirements

A licensed retailer or vape shop vendor may not sell cigarettes, OTP, or ESD to an individual without verifying the individual is at least age 21 by means of a government-issued identification in a direct face-to-face exchange. A licensed retailer or vape shop vendor is not required to verify the age of an individual at least 30 years old.

State Revenues: The bill does not establish specific penalties or fines for a violation. Therefore, this analysis assumes that enforcement would be limited to existing penalties against OTP or ESD licensees (a fine of up to \$1,000 and/or imprisonment for up to 30 days). ATCC advises that the only penalties that cigarette licensees would be subject to would be an administrative hearing held by ATCC.

Thus, to the extent existing penalties are imposed against OTP or ESD licensees for violations of the bill, general fund revenues increase beginning in fiscal 2027.

State Expenditures: ATCC advises that the bill significantly expands the scope of its enforcement to include oversight of advertising by licensees and that it does not have the expertise to evaluate audience composition or other similar advertising violations. Therefore, additional staffing is required. ATCC anticipates needing at least the same staffing structure as the Maryland Cannabis Administration (MCA) currently has to oversee cannabis advertising, but notes that MCA has fewer than 200 licenses, while ATCC regulates more than 6,000.

Thus, ATCC general fund expenditures increase by at least \$506,597 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost to hire six full-time positions, including one division chief, four administrators, and one administrative aide to oversee and evaluate advertising by licensees. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	6.0
Salaries and Fringe Benefits	\$451,752
Other Operating Expenses	<u>54,845</u>
Total FY 2027 State Expenditures	\$506,597

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

To the extent that the bill requires ATCC to monitor advertisements placed by national firms who do business in Maryland, ATCC would require additional personnel and resources beyond those included in this analysis.

Small Business Effect: ATCC advises that many of its licensees are small businesses that may incur administrative expenses to comply with the bill. Small business OTP and ESD retailers may also be subject to existing penalties for violations of the bill.

Additional Comments: ATCC advises that the bill may conflict with, be duplicative of, or be redundant with the existing network of regulations and restrictions governing certain tobacco manufacturers. For example, the Master Settlement Agreement imposes restrictions on billboards, cartoons, and other advertising, while ESD and OTP are subject to FDA marketing restrictions.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Alcohol, Tobacco, and Cannabis Commission; Department of Legislative Services

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me/jc

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