

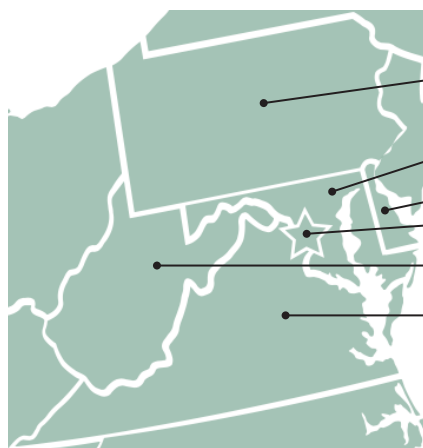
PREMIUM CIGAR RETAILERS OF MARYLAND AND THE PREMIUM CIGAR ASSOCIATION ON SENATE BILL 3



PREMIUM CIGAR RETAILERS OF MARYLAND & THE PREMIUM CIGAR ASSOCIATION ON SENATE BILL 3

The Premium Cigar Retailers of Maryland and the Premium Cigar Association oppose Senate Bill 3. This legislation will drastically increase the inventory wholesale taxes our members pay on premium cigars and pipe tobacco from 15% and 30%, respectively, to 86%. Our businesses are required to pay excise taxes on in-stock inventory up front before it is sold to the customer. It is a struggle for small businesses to pay the existing taxes on premium cigars and pipe tobacco. The state excise taxes we currently pay are on top of a 40% Federal Excise Tax (FET) + a 6% sales tax that is applied at the time of sale on top of both other taxes. **Raising the inventory wholesale tax to 86% will cripple Maryland cigar retailers**, as consumers will travel across state lines (in less than 30 minutes) to save money.

EXCISE TAX RATES IN NEIGHBORING STATES



- Pennsylvania -- 0%
- Maryland -- Proposed 86%**
- Delaware -- 30%
- Washington, DC -- Premium Cigars 0%, Pipe Tobacco 91%
- West Virginia -- 12%
- Virginia -- 10%

Online Businesses that do not meet the thresholds established in House Bill 1301 (2019) -- 0%

PERCENT INCREASE The chart below shows the tobacco tax percent increase for premium cigars and pipe tobacco as compared to mass market products and cigarettes. The tax increase proposed on premium cigars and pipe tobacco is drastically higher than the tax increases on machine made cigars and cigarettes.

Product	Current Excise Tax Rate	Proposed Excise Tax Rate	Percent Increase
Premium Cigars	15%	86%	473.30%
Pipe Tobacco	30%	86%	186.70%
Machine Made Cigars	70%	86%	22.90%
Cigarettes	\$2.00 / pack	\$4.00 / pack	100%

DATA Analyzed data in the NIH & FDA's PATH Study is specific to premium cigars. Other studies often lump in premium cigars with cigarettes, e-cigarettes, non-premium machine made cigars, flavored products, and products sold in C-stores. Data collected in this study demonstrates:



The average age of an individual's first premium cigar is **30 years old** – compared to 16.7 years old for cigarettes

.02%

Of all youth (17 & under) surveyed, **only .02%** reported smoking a premium cigar in the past 30 days



Over half (52%) of current premium cigar smokers (25 and older) **have a college degree** – compared to 32% across the US population