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Good Afternoon,

I am here to oppose several changes in Senate Bill 3. I am not here to speak about the effects of smoking and whether or not nicotine is an addictive substance.

Today I am here to tell you about a family business in Montgomery County that I am president of, Century Distributors. What makes us unique, is that we are the only wholesaler of our kind in Montgomery County, with the three owners living and educated in the County. Currently we have 200 employees, a fleet of 45 vehicles, and work out of 100,000 square feet of warehouse space. Most of our employees reside in Montgomery and Frederick Counties.

Century's product mix is 82% Tobacco and 18% other consumer goods to retail. Our revenue is dependent on tobacco and now included in that category is e-cigarettes and vapor. Without the tobacco revenue, I am certain Century would struggle to maintain our current level of viability as a business in Montgomery County and the State of Maryland.

In addition to the revenue Century derives from tobacco, we are the collecting agent for a significant portion of tax revenue for the State. Century is responsible for affixing the Maryland Tax stamp on each pack of cigarettes, currently at a price of \$2.00 per stamp. We also are responsible for reporting and payments for the tax on the "wholesale price" on all OTP plus the Montgomery county Vapor tax.

Today I would like to express my opposition to **repealing the prohibition on a county, a municipal corporation a special taxing district or any other political subdivision from imposing a tax on cigarettes or tobacco products.** By having the State of Maryland be in control of the OTP tax has allowed for an even playing field for all retailers in the State of Maryland. It's one reporting document with one payment from the wholesaler. By repealing this tax it will create disadvantages and confusion as any jurisdiction can impose a tax. In Montgomery County with the Vape tax we found that retailers are buying from wholesalers and manufacturers outside of the state and do not invoice the tax. The shipping agent is suggesting for the retailer to pay the tax-as we know they are not.

It is my understanding that the new tax will include nicotine, filters and rolling papers. We at wholesale will need clarification on these items such as Nicorette Gum, mints and rolling papers made without any tobacco products, such as hemp.

We are in favor of a reasonable, uniform Vape tax but not .86% as suggested in Senate Bill 3 and asking you all to repeal the Montgomery County tax and have the state be in control of all future taxes. Keeping the state in charge of collecting one uniform tax for all jurisdiction has been a positive process for both wholesalers and retailers. We are hoping the new revenue will be slated for educating our youths in Maryland not to start vaping and smoking and to help them to quit through cessation education workshops. We also need to educate our retail community to the importance of carding anyone who purchases tobacco or a nicotine product, and encouraging the retail community to require ID scanning technology and limit the quantities any type of tobacco products that anyone can purchase during a single transaction.

Century has already seen a drop in sales as each of the states and neighboring states have chosen to raise the age of smoking to 21. Flavor e-cigarettes in pod system will be off retailer shelves beginning February 5 at 11:59 pm. Just with the impending cutoff date, we at wholesale, have already seen a decline in sales on flavor pods.

My last point of opposition is if Maryland raises their cigarette tax from \$2.00 to \$4.00 this will only encourage more illegal trafficking of cigarettes from our bordering states. DC has experienced an enormous decline in tobacco sales while the bordering area's such as Loudoun, Fairfax, Arlington, Montgomery and Prince Georges counties have experienced an increase in sales. The volume has just shifted into neighboring jurisdictions. A moderate increase is expected but to double the tax is only going to shift Maryland cigarette sales into our bordering states that already have a significantly lower tax rate of .30 cents per pack in VA, \$1.20 West Virginia, \$2.60 Pennsylvania and \$2.10 in Delaware. Again, a moderate increase is acceptable to mirror our bordering states.

I thank you for allowing me to speak today.

Debbie Robins
President



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