



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

**BILL:** House Bill 732 – Electronic Smoking Devices, Other Tobacco Products, and Cigarettes - Taxation and Regulation

**SPONSOR:** Delegates Luedtke and Peña-Melnyk

**HEARING DATE:** February 18, 2020

**COMMITTEE:** Ways and Means

**CONTACT:** Intergovernmental Affairs Office, 301-780-8411

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**POSITION:** SUPPORT

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The Office of the Prince George's County Executive **SUPPORTS House Bill 732**, which updates provisions of tax law regulating the sale, manufacture, distribution, possession, and use of cigarettes and other tobacco products (OTPs) to include consumable products and the components or parts of those products. This bill also increases the tobacco tax rate from \$2.00 to \$4.00 per pack of cigarettes and increases the OTP tax rate from 30% (currently 15% for premium cigars and 70% for all other cigars) to 86% of the wholesale price.

An update to Maryland's tobacco tax structure is long overdue. The tax structure has not been updated in more than 10 years and is wrought with loopholes. Currently, electronic cigarettes are not taxed at all and premium cigars are barely taxed; therefore, the American Lung Association has given Maryland a "F" for its tobacco tax law.<sup>1</sup> In addition, Maryland is ranked seventeenth in the United States for its cigarette tax rate of \$2.00 per pack.<sup>2</sup> In comparison, the national average is \$1.81, and our neighboring jurisdiction, the District of Columbia, boasts the Nation's highest tax rate at \$4.50.<sup>3</sup>

Establishing a tax on vaping products may serve as a deterrent to use, especially for young people. Although researchers have not studied the full impact of inhaling vape products, due to their relative newness, the Centers for Disease Control and

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<sup>1</sup> American Lung Ass'n, "Did YOUR state make the grade? Maryland," <https://www.lung.org/our-initiatives/tobacco/reports-resources/sotc/state-grades/#hide-tab-3>

<sup>2</sup> Ann Boonn, Campaign for Tobacco-Free Kids, *State Cigarette Excise Tax Rates and Rankings* (Jan. 14, 2020), <https://www.tobaccofreekids.org/assets/factsheets/0097.pdf>.

<sup>3</sup> *Id.*

Prevention (CDC) is investigating 1,600 cases of people nationwide. Those CDC studies have shown that children as young as 13 years old are getting severe lung illnesses and injuries due to vaping, and dozens of patients have died.<sup>4</sup> Moreover, the brain is not fully developed until around age 25 and introducing nicotine to a developing brain can create a strong addiction and make it difficult for young people to quit.<sup>5</sup> Thus, an update to this tax law is needed.

Furthermore, current law does not allow local governments to impose a tax on OTP or cigarettes. This bill removes that prohibition, which would allow counties to play a part in mitigating the negative effects of tobacco addiction. Prince George's County endeavors to become a nationally recognized county that promotes child health and wellness and, unfortunately, vaping has become common among young people. For instance, 1 in 3 Prince George's County high school students and 1 in 4 County middle school students have tried electronic vapor products.<sup>6</sup> Of children who have tried vaping, 90% report using a product with flavoring other than tobacco.<sup>7</sup>

This legislation makes updates to outdated law that is negatively impacting our children. For these reasons, the Office of the Prince George's County Executive **SUPPORTS House Bill 732** and asks for a **FAVORABLE** report.

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<sup>4</sup> Prince George's County Health Department Vaping factsheet. Information source is the Centers for Disease Control and Prevention (CDC) (Oct. 2019).

<sup>5</sup> Kathleen Raven, *Nicotine Addiction From Vaping Is a Bigger Problem Than Teens Realize* (Mar. 19, 2019), <https://www.yalemedicine.org/stories/vaping-nicotine-addiction/>.

<sup>6</sup> Prince George's County Health Department Vaping factsheet. Data source is the 2016 Maryland Youth Risk Behavior Survey (YRBS) (Oct. 2019).

<sup>7</sup> *Id.*