



**MONTGOMERY COUNTY COUNCIL**  
ROCKVILLE, MARYLAND

DAWN LUEDTKE  
COUNCILMEMBER  
DISTRICT 7

February 17, 2025

The Honorable Joseline Pena-Melnyk  
Chair, Health and Government Operations Committee  
240 Taylor House Office Building  
241 Taylor House Office Building  
Annapolis, Maryland 21401

RE: House Bill 870, *Tobacco Product Manufacturers - Escrow Act - Alterations*

Dear Chair Pena-Melnyk,

I urge the Committees to support House Bill 870, *Tobacco Product Manufacturers - Escrow Act - Alterations*, which would amend Maryland's Tobacco Product Manufacturers Escrow Statute by removing a provision that allows Nonparticipating Manufacturers (NPMs) of the Master Settlement Agreement (MSA) to use their escrow accounts to subsidize low prices for their tobacco products and undersell Participating Manufacturers (PMs) as well as avoid paying for the healthcare costs deriving from the negative public health effects of tobacco.

House Bill 870 will thus fulfill the legislature's intention when it enacted the Escrow Act, creating a level playing field for all tobacco companies that compete in Maryland's market. It will also acknowledge the public health harm caused regardless of which companies' tobacco products are consumed and ensure appropriate compensation for the healthcare costs the State has experienced as a result.

I worked as a paralegal for the Tobacco Products Liability Project in 1996 and 1997 at the time when we were working nationwide with Attorneys General, public health advocates, and trial lawyers to resolve these issues. The finalization of the MSA in 1998 and the passage of the Escrow Act in 1999 were intended to make sure there was appropriate compensation for the harms caused by tobacco products. It is important that the legislature pass this legislation to honor the intent of the MSA.

HB870 also contains helpful housekeeping provisions such as an inflationary adjustment to keep it equitable and whole.

Thank you to the Office of the Attorney General's Tobacco Enforcement Unit for its work administering and overseeing the MSA and ensuring compliance and fidelity with the terms, and thank you to Delegate Rosenberg for introducing this needed, corrective legislation to fully effectuate the MSA without allowing those who are not a party to it to undercut its intent.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Dawn Luedtke', with a stylized, cursive script.

Dawn Luedtke  
Montgomery County Councilmember  
District 7

cc: Members of the Health and Government Operations Committee