



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 19, 2025

The Honorable Joseline A. Peña-Melnyk
Chair, House Health and Government Operations Committee
Room 241, House Office Building
Annapolis, Maryland 21401

RE: House Bill (HB) 870 – Tobacco Product Manufacturers - Escrow Act - Alterations – Letter of Support

Dear Chair Peña-Melnyk and Committee members:

The Maryland Department of Health respectfully submits this letter of support for House Bill (HB) 870 – Tobacco Product Manufacturers - Escrow Act - Alterations. Beginning in 2026 and each year thereafter, HB 870 would require tobacco product manufacturers that did not settle with the State as part of the 1998 Master Settlement Agreement (MSA) to pay certain equity fees rather than depositing funds to an escrow account. HB 870 requires the Attorney General to annually disburse all equity fees to the Cigarette Restitution Fund (CRF). These funds must be used for tobacco prevention and control efforts related to reducing tobacco use among individuals under 21 years old. These manufacturers would be required to make certifications to the Attorney General each year.

HB 870 is a critical step forward in ensuring that all tobacco product manufacturers selling cigarettes in Maryland accept financial responsibility for the public health and health care burdens caused by smoking, while also promoting accountability within the industry. HB 870 modernizes Maryland's existing escrow framework by introducing an equity fee for nonparticipating manufacturers (NPMs) beginning in 2026. Currently, NPMs pay into an escrow account that does not contribute to the CRF. The equity fee ensures that NPMs who were not part of the original MSA contribute to offsetting the significant health care costs imposed on Maryland by cigarette smoking. The provisions for annual certifications and enhanced enforcement authority for the Attorney General will improve compliance and transparency across the industry.

Cigarette smoking remains a leading cause of preventable death and disease in Maryland, costing the state millions of dollars annually in health care expenditures.¹ HB 870 will ensure that all tobacco manufacturers contribute to the state's efforts to combat tobacco-related harms. These

¹ Campaign for Tobacco-Free Kids. (2024, August 16). The Toll of Tobacco in Maryland. Retrieved February 7, 2025, from <https://www.tobaccofreekids.org/problem/toll-us/maryland>

provisions will enhance Maryland's ability to address the devastating impacts of tobacco use, particularly among vulnerable populations, including youth.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Herrera Scott". The signature is fluid and cursive, with the first name "Laura" being more prominent.

Laura Herrera Scott, M.D., M.P.H.
Secretary