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Baltimore City

Health and Government Operations
Committee

Chair

Health Occupations and
Long-Term Care Subcommittee

House Chair

Joint Committee on Administrative,
Executive, and Legislative Review



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Testimony of Delegate Samuel I Rosenberg

Before the Health and Government Operations Committee

In Support of

House Bill 870

Tobacco Product Manufacturers - Escrow Act – Alterations

Chair Pena-Melnyk, Vice Chair Cullison, and members of the Health and Government Operations Committee:

House Bill 870 strengthens Maryland’s commitment to promoting public health by ensuring that all tobacco product manufacturers contribute fairly to the costs of smoking-related illnesses. This legislation revises the Tobacco Product Manufacturers Escrow Act by replacing the existing escrow payment system with an equity fee, removing provisions that have allowed certain companies to avoid paying their fair share.

Tobacco use remains one of the leading causes of preventable death in our state, taking the lives of over **7,500 Marylanders each year**. Smoking-related illnesses cost Maryland nearly **\$3.1 billion annually**, with **\$476 million falling directly on taxpayers through Medicaid costs**.

The Master Settlement Agreement was a critical step in holding the tobacco industry accountable, but it has created a market imbalance where some companies make direct payments

to the state while others do not. HB 870 ensures that every tobacco manufacturer, regardless of their participation in the settlement, contributes equitably to mitigating the public health crisis precipitated by their products.

This is not just a matter of economic fairness—it is a matter of justice for Maryland families who have lost loved ones to tobacco-related diseases. **One in five deaths in our state is linked to smoking**, and our communities—particularly low-income and minority populations—continue to bear the brunt of tobacco’s deadly impact. HB 870 will help fund essential health programs, smoking cessation initiatives, and cancer prevention efforts, all of which can save lives.

Opponents argue that this bill places an undue burden on certain manufacturers, but in reality, it closes an unfair loophole that has allowed some companies to profit while taxpayers foot the bill. The companies objecting to this legislation have long benefited from a regulatory system that lets them sell cheaper products at the expense of public health. HB 870 restores fairness, ensures accountability, and furthers Maryland’s fight against tobacco-related disease.

I urge the committee to give HB 870 a **favorable** report. Thank you.

February 19, 2025