

SB0987_RichardKaplowitz_FAV
03/11/2026
Richard Keith Kaplowitz
Frederick. MD 21703-7134

TESTIMONY ON SB#0987 - POSITION: FAVORABLE

Corporate Income Tax - Addition Modification - Direct-to-Consumer Pharmaceutical Advertising

TO: Chair Guzzone, Vice Chair Rosapepe, and members of the Budget & Taxation Committee
FROM: Richard Keith Kaplowitz

My name is Richard Kaplowitz I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB0987, **Corporate Income Tax - Addition Modification - Direct-to-Consumer Pharmaceutical Advertising**

The Michigan Journal of Economics opinion is that there are Ethical and Economic Implications of Pharmaceutical Direct-to-Consumer Advertising ¹

... This recent uptick in direct-to-consumer advertising (DTCA) of pharmaceutical drugs has several negative implications, both ethical and economic in nature. Pharmaceutical companies are using this lack of regulation to capitalize on name-brand loyalty and trends of overmedication. For example, pharmaceutical direct-to-consumer advertising often encourages consumers to take more expensive, name-brand drugs rather than considering equally effective, generic drugs, which can cause drug prices to rise (Morris et al., 1986 as cited in Donohue, 2006). Generally speaking, the promotion of name-brand drugs increases the market power of dominant pharmaceutical firms. These firms can then start to lean towards monopolistic practices that can have negative impacts on the overall benefit to consumers. In short, informationally favoring premium drug brands causes rising prices, and rising prices have adverse consequences on consumers.

This unethical conduct is supported by not taxing the drug companies for the expenses they incur promoting their drugs in a method that harms consumers and healthcare for the public.

This bill will address this use of profits to negatively affect drugs being prescribed and used by the consumers. It will accomplish that by providing an addition modification under the corporate income tax for the amount of certain direct-to-consumer advertising expenses for certain covered drugs paid or incurred during the taxable year that are deducted under the Internal Revenue Code; and providing for the distribution of revenue attributable to the addition modification.

I respectfully urge this committee to return a favorable report on SB0987.

¹ [https://sites.lsa.umich.edu/mje/2026/01/05/opinion-ethical-and-economic-implications-of-pharmaceutical-direct-to-consumer-advertising/#:~:text=Pharmaceutical%20companies%20are%20using%20this,cited%20in%20Donohue%2C%202006\).](https://sites.lsa.umich.edu/mje/2026/01/05/opinion-ethical-and-economic-implications-of-pharmaceutical-direct-to-consumer-advertising/#:~:text=Pharmaceutical%20companies%20are%20using%20this,cited%20in%20Donohue%2C%202006).)