



Testimony of Paul Schwartz

March 11, 2026

Budget & Taxation Committee

SB 987 – Corporate Income Tax – Addition Modification  
– Direct-to-Consumer Pharmaceutical Advertising

I am Paul Schwartz, National Region Vice President of the National Active & Retired Federal Employees – NARFE.

I testify today in support of SB 987

A few weeks back I testified before this committee in support of Senator Ron Watson’s bill on tax relief for seniors.

During my testimony I pointed out that the next day I would be testifying about a bill dealing with a tax break for the pharmaceutical industry regarding direct-to-consumer advertising.

I pointed out then as I point out now our priorities may need a revisit if we can afford a tax break for the pharmaceutical industry on advertising, but not a tax break to help make living in Maryland a bit more affordable for seniors.

As we pointed out during last year's hearing in support of expanding the authority of the Prescription Drug Affordability Board, "In 2022 for the 10 drugs with the highest expenditures by Maryland payers, pharmaceutical companies spent \$9 billion more on stock buybacks, dividends, and executive compensation than on Research & Development".

Today, over \$1 Billion is spent **monthly** on pharmaceutical advertising.

"Jardiance is really swell, the little pill with the great big story to tell"

The cost of healthcare, especially the price of pharmaceuticals, in America is simply unaffordable for many Americans including many Marylanders.

With the change in administration in Washington, we cannot rely on the federal government to address this ongoing threat to Marylanders.

It is going to be up to you to look at ways for pharmaceutical companies to put more of their profits into lowering prices and less into marketing directly to the consumer rather than the medical professionals.

SB 987 does that by having “any expenses paid or incurred during the taxable year that are deducted under Section 162 of the Internal Revenue Code for Direct-to-Consumer Advertising of Covered Drugs”, to the extent excluded from federal taxable income, added to the federal taxable income of a corporation to determine Maryland modified income.

In other words, reduce the tax break in Maryland to encourage the pharmaceutical industry to spend less of their profits on Super Bowl ads and more of their profits to be reinvested in lowering prices.