

Maryland Vapor Alliance

SB249 Tobacco Product Licensees – Additional Licensure for Electronic Smoking Devices

FAVORABLE

The Maryland Vapor Alliance respectfully submits this testimony in **support of Senate Bill 249**.

The Maryland Vapor Alliance represents locally owned vape shops across the State of Maryland. Our members are small business owners who operate brick-and-mortar establishments, employ Maryland residents, and are committed to complying with all state and local laws governing the sale of age-restricted products.

SB249 makes a necessary and reasonable clarification to Maryland’s licensing framework for electronic smoking devices. As written, current law allows a tobacco product license holder to sell electronic smoking devices (ESD) without holding an additional ESD-specific license.

After the most recent increase in the tax on electronic smoking devices, our members began to notice that a large number of tobacco/ESD retailers were not imposing the proper tax rates on ESD products. We alerted and met with the ATCC which undertook a robust enforcement action. During these conversations, it became apparent that it was difficult for them to determine the broad scope of ESD retailers, given that the current statute allows OTP license holders to sell ESD products without an additional ESD-specific license. Because the problem of tax non-compliance was more widespread than previously thought, this created a challenge for regulators. We believe SB249 is a common sense solution which would provide the ATCC a more accurate record of ESD retailers throughout the state, allowing them to conduct necessary, targeted enforcement.

Having said that, the MVA believes that this is just the first step in tackling the issue the tax non-compliance. The State of Maryland is missing out on potentially millions of dollars in unpaid taxes, and we would urge the General Assembly to continue to look for solutions to aid enforcement, including mandatory fines for tax non-compliance.

Additionally, SB249 appropriately separates licensure for electronic smoking devices while protecting existing businesses from unnecessary financial burdens by exempting certain license holders from duplicative fees. This balanced approach ensures regulatory clarity without penalizing compliant, responsible retailers who have operated in good faith under the current system.

For these reasons, the Maryland Vapor Alliance **urges the Senate Finance Committee to issue a FAVORABLE report on SB249**.

Thank you for your consideration.

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