



TESTIMONY TO THE WAYS AND MEANS COMMITTEE

HB0484: Corporate Income Tax- Addition Modification- Direct-to-Consumer Pharmaceutical Advertising

POSITION: Support

BY: Linda Kohn, President

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The League of Women Voters of Maryland is a nonpartisan organization that works to influence public policy through education and advocacy. In 1999 it adopted criteria to evaluate state revenue sources. One guideline measures compatibility of tax policy with social and environmental policy, to ensure that the state's policy and tax structure work towards the same ends, and not at cross purposes.

The League thus supports House Bill 484, which would eliminate Maryland tax deductions for costs incurred by drug companies on direct-to-consumer (DTC) prescription drug advertising.

HB 484 is similar to recent bipartisan federal legislation introduced last year. The "No Handouts for Drug Advertisements Act,"¹ (H.R. 3010) would amend the tax code to eliminate the federal tax deduction for DTC prescription drug advertising expenses. At present, drug companies are permitted to deduct the costs for DTC advertising as "ordinary and necessary" business expenses. But this advertising has far from "ordinary and necessary" consequences, as it results in enormous profits for drug companies, while driving up costs for consumers and adversely affecting patient-provider relationships

A 2025 national study² found that "Big Pharma spent nearly \$14 billion on DTC advertising in 2023, and that American taxpayers lose more than one billion dollars each year in tax revenue" because of the associated permitted tax deductions.

The additional tax revenue generated by passage of HB 484 would help fund state programs to help more Marylanders afford and keep their health insurance. Supporting programs to ensure greater access to affordable, quality health care is a key goal of the League of Women Voters' Health Policy. The League and its 2,000 members thus urge a favorable report on HB 484.

¹ <https://murphy.house.gov/media/press-releases/murphy-introduces-legislation-eliminate-tax-deduction-drug-advertising>

² [https://www.csrxp.org/csrxp-analysis-finds-big-pharmas-direct-to-consumer-dtc-advertising-costs-u-s-taxpayers-billions-of-dollars/#:~:text=The%20study%2C%20conducted%20by%20CSRxP,J&J\)%2C%20Merck%20and%20Pfizer.](https://www.csrxp.org/csrxp-analysis-finds-big-pharmas-direct-to-consumer-dtc-advertising-costs-u-s-taxpayers-billions-of-dollars/#:~:text=The%20study%2C%20conducted%20by%20CSRxP,J&J)%2C%20Merck%20and%20Pfizer.)