



Testimony of Paul Schwartz

February 12, 2026

Ways & Means Committee

HB484 – 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 HB 484

Just yesterday I testified before Budget & Taxation in support of a bill to give a tax break for seniors starting at age 77. Now, here I am, discussing a tax break that was given to the pharmaceutical industry for their advertising costs. Where are our priorities?

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 (including Medicare, Medicaid, and certain commercial insurance plans), 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 help Marylanders afford their healthcare and their prescription drugs and ensure reasonable pharmaceutical **profit margins** and ensure *fair market value* pricing of pharmaceuticals for all Marylanders and, in so doing, ensure the well-being of our citizens.

That means looking 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.

HB 484 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.