

MedChi

The Maryland State Medical Society

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TO: The Honorable Edward J. Kasemeyer, Chairman
Members, Senate Budget & Taxation Committee
The Honorable Thomas Mac Middleton, Chairman
Members, Senate Finance Committee
The Honorable Verna Jones-Rodwell

FROM: Gene M. Ransom, CEO

DATE: February 26, 2014

RE: **SUPPORT** – Senate Bill 589 – *Tobacco Taxes – Health Maryland Initiative*

The Maryland State Medical Society (MedChi), which represents over 7,500 Maryland physicians and their patients, supports Senate Bill 589.

Senate Bill 589 proposes to raise the cigarette tax from \$2.00 to \$3.00 per pack and other tobacco products (OTP) from 30% to 95% of the wholesale price except for certain cigars. The OTP tax increase will raise an estimated \$44 million, with \$21 million dedicated to tobacco cessation programs and the balance of the revenue is used to support a range of important health care programs. The increase in the cigarette tax will raise more than \$36 million for the General Fund.

There is conclusive evidence to support the assertion that increasing the tax on tobacco is directly attributable to a decrease in consumption. Since 1999, Maryland has gradually raised its tax on cigarettes to the current \$2.00 per pack, and the results have been striking. State officials say tax increases have helped drive down smoking in Maryland by 32 percent in the past decade. The increase in the cigarette tax will continue to cause a decrease in smoking and also provide additional revenue for increased efforts to curb tobacco use.

However, while Maryland has aggressively sought to curb cigarette smoking, it has failed to sufficiently address what are known as “other tobacco products” (OTP) such as cigars, snuff, and chewing tobacco which remain taxed at 1999 tax rates. In the 2012 Session, the tax on OTP products was increased, however, the rate of increase was not large enough to maximize the decrease in consumption.

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While cigarette sales have plummeted with increasing taxes, the sales of the relatively inexpensive roll your-own tobacco, snuff and cigars have sky-rocketed. The growth in popularity of OTP is particularly pronounced in young people. The proposed tax increase will erase much of the inequity and raise more than \$18 million in revenue which is then dedicated to tobacco use prevention and cessation and other health care purposes. It is a win for public health, our youth and for the State.

There is no legitimate argument that can be advanced to justify the special treatment that continues to be afforded OTP. It has been proven that all forms of tobacco are considered harmful to human health no matter whether they are smoked, puffed, chewed or otherwise ingested. According to the National Cancer Institute, cigar smoke contains higher concentrations of tar and cancer-causing nitrosamines than does smoke from cigarettes and smokeless tobacco is often linked to oral and esophageal cancer

The American Lung Association reports that tobacco is linked to an estimated 6,861 deaths in Maryland each year and costs the state an estimated \$3.6 billion in health care costs and lost productivity. Raising the price of tobacco has proven to be an effective way to steer people from picking up the habit. Raising OTP and cigarette taxes will reduce tobacco use and reverse a decade-long trend of underage smokers turning to relatively cheap cigars and chewing tobacco rather than more expensive cigarettes. It is both smart public health policy and fiscal policy. Furthermore, the commitment of the revenues to the health care purposes outlined in the bill is consistent with the objectives of the tax. MedChi strongly urges support for Senate Bill 589.

For more information call:
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