

MedChi

The Maryland State Medical Society

1211 Cathedral Street
Baltimore, MD 21201-5516
410.539.0872
Fax: 410.547.0915

1.800.492.1056

www.medchi.org

TO: The Honorable Norman H. Conway, Chairman
Members, House Appropriations Committee
The Honorable Sheila E. Hixson, Chairman
Members, House Ways & Means Committee

FROM: Gene M. Ransom
Executive Director

DATE: March 1, 2012

RE: **SUPPORT** – House Bill 87 – *Budget Reconciliation and Financing Act of 2012*
– *Other Tobacco Products Tax Increase*

The Maryland State Medical Society (MedChi), which represents over 7,600 Maryland physicians and their patients, supports the proposed increase in the tax on “Other Tobacco Products” (OTP) in House Bill 87.

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 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. However, while Maryland has aggressively sought to curb cigarette smoking, it has failed to address what are known as “other tobacco products” (OTP) such as cigars, snuff, and chewing tobacco which remain taxed at 1999 tax rates. Passage of the OTP tax provisions in House Bill 87 will end the preferential treatment of these harmful products.

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. Governor O’Malley’s proposed tax increase – from 15% applied at the wholesale level to 70% applied at the wholesale level – will erase much of the inequity and raise more than \$18 million for the State at a time of significant financial challenges. It is a win for public health and a win for the State.

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There is no legitimate argument that can be advanced to justify the special treatment that has been 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 away from picking up the habit. Raising the OTP tax 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. MedChi strongly urges support for the increase in the tax rate for OTP

For more information call:
Gene M. Ransom
410-539-0872

cc: Governor's Legislative Office