

MedChi

The Maryland State Medical Society

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TO: The Honorable Edward J. Kasemeyer, Chair
Members, Senate Budget and Taxation Committee
The Honorable Richard S. Madaleno

FROM: Gene M. Ransom, CEO

DATE: February 24, 2016

RE: **SUPPORT** – Senate Bill 514 – *Tobacco Taxes – Healthy Maryland Initiative*

The Maryland State Medical Society (MedChi), which represents over 7,600 Maryland physicians and their patients, supports Senate Bill 514.

Senate Bill 514 proposes to raise the tax on cigarettes and other tobacco products (OTP) by \$1, and imposes a number of fees and requirements on transportation, storage, and companies connected to the transportation, storage and sale of, tobacco products.

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.

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

While cigarette sales have plummeted with increasing taxes, the sales of the relatively

inexpensive roll-your-own tobacco, snuff and cigars have skyrocketed. The growth in popularity of OTP is particularly pronounced in young people. The proposed tax increase will further erase much of the inequity and begin to impact use in the same manner as the tax on cigarettes. It is a win for public health, our youth and for the State.

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 tobacco cessation programs and providing revenues for the State to fund other health care purposes is consistent with the objectives of the tax. MedChi strongly urges support for Senate Bill 514.

For more information call:

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