

# MARYLAND RETAILERS ASSOCIATION

*The Voice of Retailing in Maryland*



## **Baltimore City Council Council Bill 20-0631 Excise Tax – Electronic Smoking Devices Position: OPPOSE**

The Maryland Retailers Association, on behalf of our members operating in Baltimore City, respectfully opposes the proposed legislation that would establish a 30% excise tax on electronic smoking devices sold in Baltimore City.

The proposed legislation is harmful to individuals trying to use e-cigarettes as a cessation method for other nicotine products. By raising the tax on these products to such a degree, the City Council would be limiting the options and access for adults who are trying to modify their own behavior in a safe, self-led manner. Other concerns regarding underage access to electronic smoking devices have already been addressed through statewide legislation. The legal age for the purchase of tobacco products in Maryland was raised to 21 years of age as of October 2019. The increased age for the purchase of tobacco products serves as an effective barrier against the sale of any such products to minors.

History has proven that the restriction of undesired materials drives those items to an unregulated underground market. A lack of regulation and enforcement results in dangerous products, like the counterfeit e-cigarette pods that caused mysterious lung illnesses in over 1,000 Americans last year. We at the MRA advocate for a regulated market that allows consenting adults to have access to the products of their choosing. Retailers who flout the law and continue to provide nicotine and tobacco products to minors or sell counterfeit products should be punished, but that should not result in the restriction of products through undue taxation and the punishment of businesses who follow the rules and only participate in legal transactions. Limiting the sale of a legal product through price increases will undoubtedly lead to black market transactions and can open the doors for even more dangerous products to enter a community.

We recognize that the City, like other jurisdictions across the country, is in search of new sources of revenue as a result of budgetary shortfalls due to the COVID-19 crisis. We are sensitive to this issue; however, establishing a tax equal to almost a third of the wholesale price of a product would have a direct inverse effect on the very local businesses that are in crisis due to the pandemic. As small businesses across the state are struggling to keep the lights on, the last thing they need is to be targeted by their local government as a new source for revenue.

For these reasons, we respectfully request that the Baltimore City Council reject this legislation.