

# Proposed Cigarette and Smokeless Flavor Bans Could Cost Maryland Nearly a Quarter Billion Dollars in Revenues with Little Effect on Youth Usage

**Maryland's Legislature is considering bans on menthol cigarettes and smokeless flavors that would do little to protect youth, but would create unintended consequences including the loss of close to a quarter billion dollars in revenues.**

## Menthol cigarette and smokeless flavor bans would do little to protect youth.

- High-school usage rates are at record lows.<sup>1</sup>
  - Cigarettes: 15.8% in 2011 to 5.8% in 2019.
  - Smokeless: 7.9% in 2011 to 4.8% in 2019.
  - Youth smoking in MD in 2017 was below the then-national average (8.2% v. 12.5% in 2011<sup>2</sup>).

## Flavor bans are unlikely to affect youth initiation.

- Evidence that menthol contributes to smoking initiation is inconclusive at best.<sup>2</sup>
- Despite the prevalence of flavors, youth usage of smokeless fell sharply between 2009 and 2014.<sup>3</sup>

## But bans could reverse progress on youth tobacco use by driving increased contraband sales.

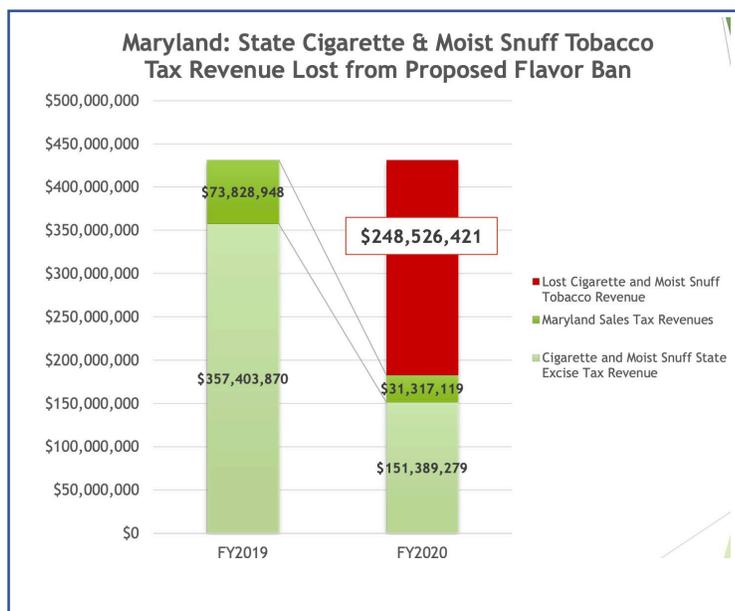
- Already, 1 in 9 cigarettes sold in MD is smuggled.<sup>4</sup>
- Surveys and law enforcement expert opinion indicate that a substantial portion of menthol sales would shift to illicit markets with a ban.<sup>5</sup>
- A similar effect could be anticipated for smokeless tobacco due to ease of adding flavors.
- Illicit sales by definition would fall outside legal age limits laws, retailer age verification, and voluntary actions such as We Card helping drive down youth smoking and smokeless use.

## The recent vaping illness (EVALI) outbreak illustrates the effects of black markets on youth.

- CDC largely attributes EVALI to black market THC vapes.<sup>6</sup>
- 50+% of victims are under 25.<sup>7</sup>

## Increased contraband sales could cost Maryland nearly a quarter of a billion dollars in lost revenues.

- Cigarette smuggling already costs the state nearly \$45 million annual tax revenues.<sup>8</sup>
- As menthol accounts for 55% of MD combustible cigarette sales and flavors 76% of moist snuff, potential lost revenue from banning their sale would amount to \$248.5 million a year.<sup>9</sup>



**Responsible marketing of our products is a core Reynolds value.**

- We monitor and enforce contractual requirements for retailers to participate in We Card and adhere to federal, state and local laws.
- Strict marketing guidelines limit youth appeal and restrict ads to platforms with overwhelmingly adult audiences.

<sup>1</sup> <https://www.cdc.gov/mmwr/volumes/67/wr/mm6722a3.htm>, <https://www.cdc.gov/mmwr/volumes/68/ss/ss6812a1.htm>

<sup>2</sup> citation needed for 2011

<https://rodutobaccotruth.blogspot.com/2013/07/fda-preliminary-scientific-evaluation.html>

<sup>3</sup> [https://www.samhsa.gov/data/sites/default/files/report\\_2740/ShortReport-2740.html](https://www.samhsa.gov/data/sites/default/files/report_2740/ShortReport-2740.html)

<sup>4</sup> <https://www.mackinac.org/smokes#map>

<sup>5</sup> <https://www.ncbi.nlm.nih.gov/pubmed/22471735>; <https://www.prnewswire.com/news-releases/study-large-black-market-would-quickly-emerge-if-menthol-cigarettes-banned-113225179.html>; "A Menthol Ban: Its Impact on Law Enforcement Efforts Against the Illicit Tobacco Trade," National Sheriffs Association, (month) 2019

<sup>6</sup> [https://www.cdc.gov/mmwr/volumes/68/wr/mm6839e1.htm?s\\_cid=mm6839e1\\_w](https://www.cdc.gov/mmwr/volumes/68/wr/mm6839e1.htm?s_cid=mm6839e1_w)

<sup>7</sup> [https://www.cdc.gov/tobacco/basic\\_information/e-cigarettes/severe-lung-disease.html](https://www.cdc.gov/tobacco/basic_information/e-cigarettes/severe-lung-disease.html)

<sup>8</sup> Mackinac, *op. cit.*

<sup>9</sup> Tax Burden on Tobacco Vol 54 2019; B. Orzechowski, R. Walker