

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1441 (Delegate Rogers, *et al.*)
 Economic Matters

Business Regulation - Electronic Smoking Devices Manufacturers - Certifications

This bill alters regulation of electronic smoking devices (ESD) by, among other things, (1) establishing a certification requirement for ESD manufacturers, including placing funds in escrow; (2) requiring the Office of the Attorney General (OAG) to develop a directory of ESD manufacturers; (3) altering the distribution of ESD, including prohibiting direct shipment to consumers or retailers; (4) requiring licensees to obtain a separate ESD license; and (5) increasing application fees for certain ESD licenses. The bill prohibits the sale, possession, or importing for personal consumption of any ESD manufactured by an ESD manufacturer not included in the directory or any ESD, brand family, or brand style not included in the directory. Violators are guilty of a misdemeanor and subject to a fine of up to \$5,000 and/or imprisonment for up to one year. A violation is also an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA). Licensees in violation are subject to additional civil penalties and license suspension or revocation. The Alcohol, Tobacco, and Cannabis Commission (ATCC) may conduct unannounced inspections of a licensee to ensure compliance of specified provisions.

Fiscal Summary

State Effect: General and special fund revenues increase by *at least* \$13,400 and \$12,000, respectively beginning in FY 2026 from fees. General fund expenditures increase by an indeterminate amount beginning in FY 2026 for enforcement. To the extent the bill reduces ESD sold, general fund revenues decrease beginning in FY 2026; potential minimal increase in general fund revenues/expenditures from penalty provisions (not shown).

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
GF Revenue	\$13,400	\$13,400	\$13,400	\$13,400	\$13,400
SF Revenue	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
GF Expenditure	-	-	-	-	-
Net Effect	\$25,400	\$25,400	\$25,400	\$25,400	\$25,400

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Potential minimal increase in revenues and expenditures due to the bill's penalty provisions.

Small Business Effect: Meaningful.

Analysis

Bill Summary/Current Law:

Definitions

The bill specifies that “ESD” does not include a drug, device, or combination product authorized for sale as a *nicotine replacement product* by the U.S. Food and Drug Administration (FDA). Further, “ESD” includes nicotine salts and any cartridge or tank of such a device. The definitions of “ESD manufacturer,” “ESD retailer,” “ESD wholesaler distributor,” and “ESD wholesaler importer” are altered to reflect the bill’s regulatory changes as discussed further in this analysis.

Licensing and Regulation

Generally, the Business Regulation Article governs the licensing of cigarette, other tobacco products (OTP), and ESD manufacturers, wholesalers, retailers, storage warehouses, and vending machine operators. ATCC issues manufacturer, wholesaler, storage warehouse, and vending machine operator licenses. The clerks of the circuit courts issue retail licenses. Without an appropriate license (with limited exception), a person may not act, attempt to act, or offer to act as (1) a cigarette manufacturer, retailer, storage warehouse, subwholesaler, vending machine operator, or wholesaler; (2) an OTP manufacturer, retailer, storage warehouse, wholesaler, or tobacconist; or (3) an ESD manufacturer, retailer, wholesaler distributor, wholesaler importer, or vape shop vendor. Violators are guilty of a misdemeanor and are subject to a fine up to \$1,000 and/or imprisonment for up to 30 days. Each day that a violation continues is a separate offense.

Maryland Escrow Requirements for Nonparticipating Tobacco Product Manufacturers

In 1999, the State enacted the Escrow Act, under which a tobacco product manufacturer must either (1) become a participating manufacturer by joining the Master Settlement Agreement and generally comply with its financial obligations or (2) establish an escrow account as a nonparticipating manufacturer and pay into it as required under law.

A tobacco product manufacturer whose cigarettes are sold in this State, whether directly or through a distributor, retailer, or similar intermediary, must annually execute and deliver a

certification to the Attorney General, as specified. The certification must indicate whether the manufacturer is a participating manufacturer or is in full compliance with the Escrow Act. OAG must subsequently develop and make available for public inspection a directory listing all tobacco product manufacturers that have complied with the certification requirement and all associated brand families that are listed in the provided certifications.

Electronic Smoking Devices License Required for Cigarette and Other Tobacco Products Licensees

Under current law, any person with an applicable cigarette business license or OTP license (or the applicable affiliate) is also authorized to manufacture, distribute, or sell ESD, as appropriate.

The bill requires any person with a cigarette business license or OTP license that is also seeking to manufacture, distribute, or sell ESD to obtain a separate license to manufacture, distribute, or sell ESD.

Electronic Smoking Devices License Fees

The bill increases the application fee for an ESD manufacturer license from \$25 to \$300. The application fee for an ESD wholesaler distributor or ESD wholesaler importer license is increased from \$150 to \$300.

Electronic Smoking Devices Manufacturer License

Under current law, an ESD manufacturer license authorizes the licensee to sell ESD to a licensed ESD wholesaler located in the State, an ESD wholesaler or retailer outside the State if the ESD may be lawfully sold in Maryland, a licensed vape shop vendor, and a consumer.

Under the bill, an ESD manufacturer may only *sell* ESD to a licensed ESD wholesaler *distributor* or an *ESD wholesaler importer*. Direct sales to consumers are repealed. An ESD manufacturer licensee that also holds an ESD retailer or vape shop license may *transfer* ESD to inventory for sale under those licenses (as under current law). Likewise, a licensee may *distribute* ESD to another licensed ESD retailer or vape shop vendor.

Electronic Smoking Devices Retailer, Wholesale Distributor, and Wholesaler Importer Licenses

The bill further alters the distribution of ESD so that an ESD retailer or vape shop vendor may no longer buy ESD from an ESD manufacturer. More specifically:

- An ESD wholesaler distributor must buy ESD directly from a *licensed* ESD manufacturer, a *licensed* ESD wholesaler distributor, or a *licensed* ESD wholesaler importer. An ESD wholesaler distributor may sell ESD to a *licensed* ESD retailer or *licensed* vape shop vendor as well as to another licensed ESD wholesaler distributor or *licensed* ESD wholesaler importer.
- An ESD wholesaler importer must obtain at least 70% of its ESD from a *licensed ESD manufacturer* located in a foreign country.
- With the exception noted above for an ESD retailer that also holds an ESD manufacturer license, an ESD retailer must buy ESD from a *licensed* ESD wholesaler distributor or a *licensed* ESD wholesaler importer.
- With the exception noted above for a vape shop vendor that also holds an ESD manufacturer license, a vape shop vendor must buy ESD from a *licensed* ESD wholesaler distributor or a *licensed* ESD wholesaler importer.

Licensed Retailers or Vape Shop Vendors – Enforcement and Disciplinary Action

Under current law, the Maryland Department of Health (MDH) or its designee must conduct specified inspections of licensed retailers or vape shop vendors to ensure compliance with the prohibition against distribution of tobacco products to individuals younger than age 21. Following a violation, MDH must conduct an additional unannounced inspection.

The bill authorizes MDH, following a violation, to refer the licensed retailer or vape shop vendor to ATCC for disciplinary action. ATCC is also authorized to conduct unannounced inspections of a licensee to ensure the licensee's compliance with Title 16.7 of the Business Regulation Article (which governs ESD licenses) and the prohibition against distribution of tobacco products to individuals younger than age 21.

Certification Requirement for Electronic Smoking Devices Manufacturers

Similar to the process currently required for tobacco product manufacturers, the bill requires an ESD manufacturer whose products are sold in the State to execute and deliver a certification to OAG by June 30 each year. For each certification submitted, an ESD manufacturer must pay OAG a fee of \$1,000 for each ESD brand style that manufacturer is applying to include in the directory. Revenues from the fee must be distributed to a special fund to be used by OAG for the enforcement of certification requirements for ESD manufacturers.

In the certification, an ESD manufacturer must:

- identify all of its ESD brand families that are being sold in the United States as of the date of certification;
- identify any ESD brand family that the ESD manufacturer seeks to sell in the State in the upcoming fiscal year;
- indicate with an asterisk any brand family sold in the State during the preceding three calendar years that is no longer sold in the State as of the date of certification;
- identify by name and address any other manufacturer that made a brand family included in the certification in the preceding three calendar years;
- indicate whether the ESD brand family and brand style being certified includes an aerosolizing device or the vaping liquid, nicotine salt, or other consumable substance to be aerosolized or both;
- provide images, specifications, or other representations of the shape, design, labeling, and packaging, and a sample of each ESD for each brand family included in the certification;
- provide the marketing, advertising, and social media plans or other materials for each brand family included in the certification;
- provide any other information necessary to enable OAG to determine whether the ESD brand families and brand styles being certified are intended to appeal to youth, disguise or misrepresent the nature of the product, claim in any way that the ESD is a smoking cessation product or nicotine replacement therapy, or otherwise deceive consumers; and
- identify any other information required by OAG to confirm that the ESD manufacturer and its brand families and brand styles are compliant with all applicable federal, State, and local laws.

In addition, an ESD manufacturer must further certify that it is (1) registered to do business in the State or has appointed a resident agent for service of process and provided notice of the appointment; (2) is licensed by ATCC to operate as an ESD manufacturer; and (3) is in full compliance with all applicable local, State, and federal laws regarding the manufacture and sale of ESD.

The bill prohibits an ESD manufacturer from including a brand family or brand style in its certification unless it affirms under penalty of perjury that (1) it is the entity that fabricates, manufactures, mixes, or otherwise produces the ESD included in the certification and (2) to the best of the ESD manufacturer's knowledge, no other ESD manufacturer is fabricating, manufacturing, mixing, or otherwise producing ESD for sale in the United States with the same brand name as a brand family included in the certification.

The State retains the right to refuse to include an ESD in the directory if OAG has reason to believe that a brand family or brand style included in a certification is an ESD produced by a different ESD manufacturer.

Generally, if an ESD manufacturer has (1) not previously submitted a certification with the State or (2) is not listed in the directory, the manufacturer may submit an initial certification at any point during the year. An ESD manufacturer that submits an initial certification must submit an annual certification as specified unless the initial certification was submitted within 90 days of the date the annual certification is required.

An ESD manufacturer listed in the directory must update its listing to reflect any material changes to its certification, including a change in manufacturing facility or an addition to, discontinuance from, or modification of its listed ESD brand families or brand styles by executing and delivering a supplemental certification to OAG no less than 30 calendar days prior to the change.

Directory of Electronic Smoking Devices Manufacturers

OAG must develop and make available for public inspection a directory listing all ESD manufacturers that have provided current and accurate certifications and all approved ESD brand families and brand styles included in the certifications. OAG may not include or retain in the directory any brand families or brand styles of any ESD manufacturer that fails to provide the required certification or fee, or whose certification OAG determines is not in compliance with certification requirements, unless the violation has been cured. OAG must update the directory as necessary.

Each licensed ESD wholesaler distributor and ESD wholesaler importer must provide OAG, and update as necessary, current contact information for receiving any notifications, including a point of contact person, a physical location, and an electronic mail address. Further, each licensed ESD manufacturer, ESD wholesaler distributor, and ESD wholesaler importer must maintain – for at least five years – all invoices and documentation of sales, all approval letters and underlying applications and materials, and any other information relied on for its certification.

Escrow Requirement for Electronic Smoking Devices Manufacturers

Before inclusion in the directory, a licensed ESD manufacturer must deposit and maintain \$75,000 in an escrow fund established at a federally or State-chartered financial institution and governed by a qualified escrow agreement reviewed and approved by OAG. OAG may authorize a reduction of the amount required to be put in escrow of up to \$50,000 if the ESD brand families and brand styles included in the certification have received a final marketing order and are authorized by FDA. An ESD manufacturer that places funds into

escrow must receive the interest or other appreciation of the funds. OAG may release funds from escrow only to (1) ATCC to satisfy any unpaid enforcement costs from a violation of applicable federal, State, or local law by the ESD manufacturer or (2) a licensed ESD manufacturer that elects to cease selling ESD in the State and meets specified requirements.

Each ESD manufacturer that places funds into escrow must annually certify to OAG that it is in compliance with escrow requirements. If OAG notifies a licensed ESD manufacturer that the amount in escrow has fallen below the applicable amount, the ESD manufacturer must bring the amount into compliance within 15 days. OAG may bring a civil action against any ESD manufacturer that fails to place the required funds into escrow. Each day that an ESD manufacturer has less than the required amount in escrow is considered a separate violation. The court, on a finding of a violation of the escrow requirement, may impose a civil penalty of up to \$500 for each day of each violation per day, to be paid to the general fund.

Resident Agent and Service of Process

Any nonresident or foreign ESD manufacturer that has not registered to do business in the State as a foreign corporation or business entity must appoint, and continually engage, an agent in the State for the service of process on the nonresident or foreign ESD manufacturer, before its brand families or brand styles may be included or retained in the directory.

Any process, action, or proceeding against a nonresident or foreign ESD manufacturer concerning or arising out of the enforcement of the Business Regulation Article may be served in any manner authorized by law. The service of process on the designated agent constitutes legal and valid service of process on the ESD manufacturer. The ESD manufacturer must provide, to the satisfaction of ATCC and OAG, the name, address, telephone number, and proof of the appointment and availability of the agent.

An ESD manufacturer must provide (1) notice to ATCC and OAG no less than 30 calendar days prior to the termination of the authority of an agent and (2) proof of the appointment of a new agent no less than five calendar days prior to the termination of an existing agent.

If an agent terminates an agency appointment, the ESD manufacturer must notify ATCC and OAG of the termination within five calendar days and include proof of the appointment of a new agent.

Enhanced Electronic Smoking Devices Enforcement and Penalties

The bill prohibits a person from selling, offering for sale, possessing for sale in the State, or importing for personal consumption in the State, any ESD, brand family, or brand style

not included in the directory or any ESD manufactured by an ESD manufacturer that is not included in the directory.

Any ESD, brand family, or brand style not included in the directory must be deemed contraband; may not be purchased or sold in the State; and may be subject to seizure, forfeiture, and disposal.

A person that sells, distributes, acquires, holds, owns, possesses, transports, imports, or causes to be imported ESD for resale to a consumer that the person knows or should have known are intended for distribution or sale in the State but are not included in the directory or are manufactured by an ESD manufacturer that is not in the directory is guilty of a misdemeanor. On conviction, a violator is subject to a fine of up to \$5,000 and/or imprisonment for up to one year. However, a person that possesses less than \$100 worth of ESD solely for personal consumption and not for resale to a consumer is not subject to these penalty provisions.

In addition to any other civil or criminal remedy and subject to hearing provisions, on determination that (1) a licensee has violated the bill's prohibition against the sale or possession of any ESD not included in the directory or manufactured by an ESD not in the directory or any regulation or (2) a licensed ESD wholesaler distributor or ESD manufacturer has violated specified reporting requirements regarding sales of ESD, ATCC may impose a civil penalty in an amount up to the greater of (1) 500% of the retail value of the ESD sold or offered for sale or (2) \$5,000.

Each sale of and each offer to sell ESD in violation of the bill's provisions constitutes a separate violation. On determination that a licensee has committed a subsequent violation of these prohibitions, ATCC may suspend or revoke the license.

In addition to any penalties otherwise provided by law, a violation of the prohibition against the sale or possession of any ESD not included in the directory or manufactured by an ESD not in the directory is an unfair, abusive, or deceptive trade practice subject to the enforcement and penalty provisions of MCPA.

OAG, on its own or on behalf of ATCC, may seek an injunction to restrain a threatened or actual violation of the bill's (1) prohibition against the sale or possession of any ESD not included in the directory or manufactured by an ESD not in the directory or (2) reporting requirement regarding sales of ESD, and compel a licensee to comply.

The bill authorizes specific information sharing among ATCC, OAG, and the Comptroller's Office regarding compliance and enforcement. Data may also be shared with other federal, State, or local agencies.

If a court or other adjudicative body determines that a person has violated the bill's certification requirements for ESD manufacturers, it must order any profits, gain, gross receipts, or other benefit from the violation to be paid to OAG. Unless otherwise expressly provided, the remedies or penalties provided under the bill regarding certification requirements for ESD manufacturers are cumulative to each other and to the remedies or penalties available under all other State laws.

Review and Regulations

A determination by the Attorney General to omit or to delete from the directory a brand family, brand style, or ESD manufacturer is subject to review in accordance with applicable State law. OAG may not remove a brand family, brand style, or ESD manufacturer from the directory until at least 15 days after the ESD manufacturer is given notice. If OAG removes a brand family, brand style, or ESD manufacturer from the directory, each licensed retailer and vape shop vendor must have 15 days to remove the product from inventory and return it to the ESD manufacturer for disposal. After 15 days following the removal of a brand family, brand style, or ESD from the directory, the product must be deemed contraband; may not be purchased or sold in the State; and may be subject to seizure, forfeiture, and disposal.

OAG and ATCC may adopt regulations necessary to carry out certification requirements for ESD manufacturers. In any action brought by the State under the bill, the State is entitled to recover the costs of seizure, storage, and disposal; expert witness fees; costs of the action; and reasonable attorney's fees.

Reporting and Recordkeeping

No later than 21 days after the end of each calendar month, or other reporting period established by OAG, each licensed ESD wholesaler distributor and ESD manufacturer that also holds a license to act as an ESD retailer or vape shop vendor must submit true and accurate information to OAG to facilitate compliance with certification requirements, including a list by brand family and brand style of the total quantity of ESD sold during the reporting period by the licensed ESD wholesaler distributor to a licensed ESD retailer, licensed vape shop vendor, or the licensed ESD manufacturer that also holds a license to act as an ESD retailer or vape shop vendor.

A licensed ESD wholesaler distributor or ESD manufacturer that also holds a license to act as an ESD retailer or vape shop vendor must maintain and make available to ATCC and OAG – for five years – all invoices and documentation of sales of all ESD and any other information relied on in reporting to ATCC, OAG, and the Comptroller's Office.

OAG may disclose to ATCC and the Comptroller's Office any information received under certification requirements and requested by ATCC or the Comptroller's Office for the purposes of determining compliance with and enforcement of certification requirements for ESD manufacturers.

Monitoring and Enforcement

ATCC and OAG may require a licensed ESD manufacturer, wholesaler distributor, wholesaler importer, retailer, or vape shop vendor to submit any additional information, including invoices, receipts, correspondence, confirmations of approval, marketing, advertising materials, and samples of packaging or labeling of each brand family, as is necessary to enable OAG to determine whether a licensed ESD manufacturer is compliant with the bill and all other applicable federal, State, and local laws.

State Revenues:

Office of the Attorney General

For each certification submitted, the bill requires the ESD manufacturer to pay OAG a fee of \$1,000 for each ESD brand style the manufacturer is applying to include in the directory. Revenues from the fee must be distributed to a special fund to be used by OAG for the enforcement of certification requirements for ESD manufacturers.

While information was not provided by OAG in time for inclusion in this analysis, assuming that the 12 ESD manufacturers currently licensed by ATCC submit a certification with at least one brand style, OAG special fund revenues increase by *at least* \$12,000 annually beginning in fiscal 2026. To the extent that the number of licensed ESD manufacturers increases under the bill due to the requirement to hold a separate ESD-specific license, revenues increase accordingly. Conversely, if the distribution and certification provisions in the bill reduce the number of ESD manufacturers, revenues from certification decrease.

Alcohol, Tobacco, and Cannabis Commission

ESD Manufacturer License: Assuming that each of the State's 12 ESD manufacturers renews their license to act as an ESD manufacturer and pay the \$300 application fee (\$275 more than the \$25 fee paid under current law), ATCC general fund revenues increase by \$3,300 beginning in fiscal 2026. To the extent that additional entities apply for this license, revenues increase accordingly.

Fee Increases for ESD Wholesaler Distributors and Importers: The bill increases the license fees for an ESD wholesaler distributor or ESD wholesaler importer from \$150 to

\$300 (an increase of \$150 per license). Assuming that the 65 ESD wholesaler distributors and 2 ESD wholesaler importer license holders renew, ATCC general fund revenues further increase by \$10,050 beginning in fiscal 2026. The requirement to hold an ESD-specific license is assumed to have an additional impact on revenues as wholesaler distributors and importers of cigarettes and/or OTP that may currently distribute or import ESD without a separate license must also obtain an ESD license. The amount of such impact cannot be reliably estimated at this time.

Related Revenues: In response to prior year legislation, ATCC noted that approximately 6,000 retail licensees sell cigarettes or OTP and may also carry ESD. ATCC anticipates that the bill's increased fees may increase ATCC licensing revenue. The requirement to obtain ESD-specific licenses is assumed to have an additional impact on revenues as a retail licensee must obtain the comparable ESD retail license. However, the amount of such impact cannot be reliably estimated at this time.

Access to Escrow Funds: Before inclusion in the directory, a licensed ESD manufacturer must deposit and maintain \$75,000 in an escrow fund. OAG may release the funds from escrow to ATCC to satisfy any unpaid enforcement costs from a violation of applicable federal, State, or local law by the ESD manufacturer. Thus, to the extent a licensee violates applicable law, ATCC gains access to additional funds to support enforcement costs. The amount of such funds cannot be reliably estimated at this time.

Penalty Provisions

General fund revenues may increase minimally as a result of the bill's monetary penalty provision from cases heard in the District Court. In addition, under the bill, ATCC may impose a civil penalty on the sale or possession of any ESD not included in the directory or manufactured by an ESD not in the directory. Each sale of and each offer to sell ESD in violation of the bill's provisions constitutes a separate violation. To the extent ATCC imposes such penalties, general fund revenues increase by an indeterminate amount.

Furthermore, if a court or other adjudicative body determines that a person has violated certification requirements for ESD manufacturers, it must order any profits, gain, gross receipts, or other benefit from the violation to be paid to OAG. To the extent such violations occur, and the court makes such an order, OAG general fund revenues may increase.

Sales and Use Tax Revenues

A sales and use tax rate of 12% is imposed on the final retail price of ESD (60% in the case of vaping liquid sold in a container that contains at least five milliliters of vaping liquid). To the extent the bill reduces the amount of ESD sold in the State, general fund revenues

decrease by an indeterminate amount beginning in fiscal 2026 due to foregone sales and use tax revenues.

State Expenditures:

Office of the Attorney General

As OAG advised that the bill has no effect on the office and did not provide updated information in response to follow-up questions, this analysis cannot readily determine the impact of the bill on OAG expenditures. Nevertheless, the bill affects OAG operations and likely expenditures as well.

Comptroller's Office

The bill requires the Comptroller's Office (as well as ATCC and OAG), for purposes of enforcement only, to share with each other information received under the bill and specified tax information. Information may also be shared with other federal, State, or local agencies. The Comptroller's Office advises that sharing information with other agencies imposes an operational and fiscal impact on the office. However, any such impact is indeterminate at this time.

Alcohol, Tobacco, and Cannabis Commission

ATCC advises that the bill has an indeterminate impact on its expenditures, as the bill increases the enforcement powers of ATCC and is expected to increase the volume of seizures, administrative actions, and records review tasks.

Currently, seizure of ESD by ATCC is rare. Thus, it is difficult to determine the potential cost to confiscate, store, and safely dispose of any contraband ESD under the bill, though such costs will likely be greater than current costs for other products.

Accordingly, ATCC expenditures increase by an indeterminate amount beginning in fiscal 2026 for enforcement, administrative actions, records review, and seizure of contraband. These expenditures are offset by additional revenues and may be offset by the imposition of civil penalties for licensees that sell ESD in violation of the bill.

Judiciary and Office of Administrative Hearings

Any increase in juridical caseloads or contested cases delegated by OAG to the Office of Administrative Hearings (OAH) results in additional operational impact on the courts and OAH, respectively. However, the bill is not anticipated to materially affect the operations or finances of the Judiciary or OAH.

Penalty Provisions

General fund expenditures may increase minimally as a result of the bill's incarceration penalty due to more people being committed to State correctional facilities for convictions in Baltimore City.

Local Revenues: Revenues may increase minimally as a result of the bill's monetary penalty provision from cases heard in the circuit courts.

Local Expenditures: Expenditures may increase minimally as a result of the bill's incarceration penalty. Counties pay the full cost of incarceration for people in their facilities for the first 12 months of the sentence. Per diem operating costs of local detention facilities have ranged from approximately \$90 to \$300 per incarcerated individual in recent years.

Small Business Effect: ESD manufacturers, some of which may be small businesses, are required to hold a specific ESD manufacturer license, submit an annual certification to OAG, pay a certification fee to OAG, and place funds in escrow. Direct sales of ESD to consumers are repealed. Businesses are prohibited from selling ESD that are not in the directory and must dispose of any inventory that can no longer be sold. Cigarette and OTP retailers that also sell ESD must obtain an ESD-specific license and pay the license fee.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced in the last three years. See SB 987 and HB 1033 of 2024.

Designated Cross File: SB 918 (Senator Gile) - Finance.

Information Source(s): Kent, Montgomery, and Worcester counties; Maryland Association of County Health Officers; Maryland Department of Health; Office of the Attorney General; Alcohol, Tobacco, and Cannabis Commission; Comptroller's Office; Judiciary (Administrative Office of the Courts); Office of Administrative Hearings; Department of Legislative Services

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