

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1576 (Delegate Rosenberg)  
 Ways and Means

**Sales and Use Tax - Electronic Smoking Devices and Vaping Liquid - Maryland Pediatric Cancer Fund**

This bill increases the sales and use tax imposed on the retail sale of electronic smoking devices (ESDs) from 20% to 30% of the taxable price (for vaping liquid sold in a container containing up to 5 milliliters of vaping liquid, from 60% to 90% of the taxable price). Revenues attributable to the increase in tax imposed on the retail sale of these products are distributed to the Maryland Pediatric Cancer Fund. **The bill takes effect July 1, 2026.**

**Fiscal Summary**

**State Effect:** Special fund revenues for the Maryland Pediatric Cancer Fund within the Maryland Department of Health (MDH) increase by an estimated \$9.6 million in FY 2027. Future years reflect projected growth in taxable sales. General fund expenditures for the Comptroller’s Office increase by an estimated \$0.1 million in FY 2027 only.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$9.6	\$9.7	\$9.8	\$10.1	\$10.3
GF Expenditure	\$0.1	\$0	\$0	\$0	\$0
Net Effect	\$9.6	\$9.7	\$9.8	\$10.1	\$10.3

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

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

## Analysis

**Current Law:** “ESD” is defined as a device that can be used to deliver aerosolized or vaporized nicotine to an individual inhaling from the device. It includes an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or electronic hookah; a vape pen; vaping liquid; and any component, part, or accessory of such a device regardless of whether it is sold separately, including any substance intended to be aerosolized or vaporized during use of the device.

### *Sales and Use Tax Imposed on Electronic Smoking Devices*

Chapter 37 of 2021 increased the sales and use tax imposed on the retail sale of ESDs to 12% of the taxable price (60% of the taxable price for vaping liquid sold in a container containing up to 5 milliliters of vaping liquid). Prior to Chapter 37, the State’s general 6% sales and use tax rate applied to the sale of these products. The Budget Reconciliation and Financing Act of 2024 (Chapter 717) further increased the sales and use tax imposed on the retail sale of ESDs (other than vaping liquid sold in a container containing up to 5 milliliters of vaping liquid) to 20% of the taxable price and required the Comptroller to distribute the revenue attributable to the tax increase to the Blueprint for Maryland’s Future Fund (BMFF). Remaining sales and use tax revenues from the sale of ESDs accrue to BMFF (12.1% for fiscal year 2027 and beyond) and the general fund.

### *Maryland Pediatric Cancer Fund*

The Maryland Pediatric Cancer Fund within MDH is used to provide grants to eligible physicians, hospitals, laboratories, educational institutions, and other organizations and persons to conduct pediatric cancer research. Grants may not be used to pay for institutional overhead expenses, organizational expenses, or charges that are not directly related to pediatric cancer research or expenses arising from community-based support services.

The fund consists of money appropriated in the State budget to the fund and any donations or other money from any other source accepted for the benefit of the fund. MDH may use up to 5% of the amount in the fund each year for certain administrative and promotional expenses.

**State Revenues:** Maryland Pediatric Cancer Fund revenues increase by an estimated \$9.6 million in fiscal 2027 and by similar amounts annually thereafter due to the bill’s increase in the sales and use tax imposed on the sale of ESDs, the proceeds of which are distributed to the fund.

**State Expenditures:** General fund expenditures for the Comptroller’s Office increase by an estimated \$75,000 in fiscal 2027 for one-time programming changes.

**Small Business Effect:** Small business ESD retailers are negatively impacted by the increased sales and use tax imposed on ESDs to the extent the tax increase reduces overall sales of these products.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Alcohol, Tobacco, and Cannabis Commission; Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - February 27, 2026  
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