HOUSE BILL 1576

Q4 6lr2783

By: **Delegate Rosenberg**
Introduced and read first time: February 13, 2026
Assigned to: Ways and Means

A BILL ENTITLED

AN ACT concerning

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

FOR the purpose of increasing the sales and use tax on the sale of electronic smoking devices and vaping liquid; requiring a certain amount of revenue from the sales and use tax on electronic smoking devices and vaping liquid to be distributed to the Maryland Pediatric Cancer Fund; and generally relating to the sales and use tax on electronic smoking devices and vaping liquid.

BY repealing and reenacting, with amendments,
Article – Health – General
Section 20–120
Annotated Code of Maryland
(2023 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 2–1302.4 and 11–104(j)
Annotated Code of Maryland
(2022 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Health – General

20–120.

(a) (1) In this section the following words have the meanings indicated.

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

(2) "Fund" means the Maryland Pediatric Cancer Fund established under this section.

(3) "Pediatric cancer research" includes research to develop and advance the understanding of pediatric cancer and the techniques and modalities effective in the prevention, cure, screening, and treatment of pediatric cancer.

(b) (1) There is a Maryland Pediatric Cancer Fund.

(2) The Fund consists of:

(i) Money appropriated in the State budget to the Fund;

(II) MONEY DISTRIBUTED TO THE FUND UNDER § 2–1302.4 OF THE TAX – GENERAL ARTICLE; and

[(ii)**] (III)** Any donations or other money from any other source accepted for the benefit of the Fund.

(3) The Secretary shall administer the Fund.

(4) The Fund shall be used only for pediatric cancer research and administrative expenses as provided in subsection (c) of this section.

(5) The Fund shall be maintained for the purposes stated in this section and unspent portions of the Fund shall remain in the Fund and may not revert to the General Fund of the State.

(6) Money expended from the Fund for pediatric cancer research is supplemental and is not intended to take the place of funding that would otherwise be appropriated to the Department for pediatric cancer research.

(7) All expenditures from the Fund shall be made only in accordance with an appropriation approved by the General Assembly in the annual State budget or through an approved budget amendment under §§ 7–209 and 7–210 of the State Finance and Procurement Article.

(8) (i) For fiscal year 2023, the Governor shall include in the annual budget bill an appropriation of $5,000,000 to the Fund.

(ii) If $5,000,000 is not included in the annual budget bill for fiscal year 2023, then the Governor shall include in the annual budget bill for fiscal year 2024 an appropriation of $5,000,000 to the Fund.

(c) (1) (i) Each year, the Secretary may:

1. Distribute funds from the Fund to a promotional account to be allocated to a State–based childhood cancer organization to be used to promote further donations to the Fund and to educate the State scientific community about the opportunities for childhood cancer research through the Fund; and

2. Use funds from the Fund to administer the Fund, including for staff and administrative costs associated with the Commission established under § 20–121 of this title.

(ii) The amounts distributed and used under subparagraph (i) of this paragraph may not exceed a total of 5% of the Fund.

(2) (i) After making the distribution allowed under paragraph (1) of this subsection, the Secretary shall use the remainder of the Fund only to provide grants to eligible physicians, hospitals, laboratories, educational institutions, and other organizations and persons to conduct pediatric cancer research.

(ii) Money received from the grant program under this section 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.

(d) (1) On or before August 31 each year, the Secretary shall submit a report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on the administration of the Fund.

(2) The report required under this subsection shall include:

(i) A description of promotional efforts undertaken with money from the Fund; and

(ii) A detailed accounting of the use of the Fund.

(e) The Secretary shall adopt regulations to implement a pediatric cancer grant program under this section.

Article – Tax – General

2–1302.4.

After making the distributions required under §§ 2–1301 through 2–1302.2 of this subtitle, of the sales and use tax collected **[**from the sale of electronic smoking devices, as defined in**]** **UNDER** § 11–104(j) of this article, the Comptroller shall distribute**:**

(1) FROM THE SALE OF ELECTRONIC SMOKING DEVICES:

(I) the revenue attributable to a tax rate of 8% to the Blueprint for Maryland's Future Fund established under § 5–206 of the Education Article**; AND**

(II) THE REVENUE ATTRIBUTABLE TO A TAX RATE OF 10% TO THE MARYLAND PEDIATRIC CANCER FUND ESTABLISHED UNDER § 20–120 OF THE HEALTH – GENERAL ARTICLE; AND

(2) FROM THE SALE OF VAPING LIQUID SOLD IN A CONTAINER THAT CONTAINS 5 MILLILITERS OR LESS OF VAPING LIQUID, THE REVENUE ATTRIBUTABLE TO A TAX RATE OF 30% TO THE MARYLAND PEDIATRIC CANCER FUND ESTABLISHED UNDER § 20–120 OF THE HEALTH – GENERAL ARTICLE.

11–104.

(j) (1) (i) In this subsection, the following words have the meanings indicated.

(ii) "Electronic smoking device" has the meaning stated in § 16.7–101 of the Business Regulation Article.

(iii) "Tobacco pipe" means a pipe made primarily of meerschaum, wood, or porcelain, with a bowl designed to be used without a screen or filter.

(iv) "Vaping liquid" has the meaning stated in § 16.7–101 of the Business Regulation Article.

(2) Except as provided in paragraph (3) of this subsection, the sales and use tax rate is **[**20%**] 30%** of the taxable price for electronic smoking devices.

(3) The sales and use tax for vaping liquid sold in a container that contains 5 milliliters or less of vaping liquid is **[**60%**] 90%** of the taxable price.

(4) The sales and use tax for tobacco pipes is 12% of the taxable price.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.