

## **PRESS RELEASE – FOR IMMEDIATE RELEASE**

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### **THE MARYLAND GENERAL ASSEMBLY**

**DELEGATE JUSTIN D. ROSS**

**CHIEF DEPUTY MAJORITY WHIP**

**ANNOUNCES HOUSE BILL 528**

**ELECTRONIC TAX STAMPS FOR TOBACCO PRODUCTS**

**WHO:** Delegate Justin D. Ross, Chief Deputy Majority Whip

**WHAT:** Delegate Justin Ross has introduced legislation that will require that the tax stamps affixed to cigarette packages be capable of being read by a scanner and encrypted to prevent fraud. This legislation would require the Comptroller to consult with the Attorney General regarding counterfeit-resistant tax stamp technologies to implement a strategy that inhibits the ability of criminal smugglers to sell tobacco products in Maryland.

**WHY:** The tax on cigarettes in Maryland represents a significant portion of tax revenue for the State. However, millions of dollars are lost every year to bootlegging and smuggling, which bring tobacco products into Maryland from other regional states with lower taxes. This is a high profit crime, with traffickers making up to \$400,000 per trailer-full of illegal tobacco products. That amounts to a possible tax loss of \$100 million a year for Maryland. Furthermore, the transportation of cigarettes across state lines for profit has been identified by federal law enforcement agencies as a significant source of funding for terrorist groups in the past.

This legislation would require an upgrade from the current outdated tax stamp system which is easily forged with fake paper tax stamps. Bootleggers have been able to easily counterfeit the current stamp, which is based on technology from the 1950's. The updated stamps cannot be counterfeited, and they contain information such as the wholesaler, denominated value of stamp, and manufacturer which law enforcement officials can access with inexpensive and highly portable scanners.

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