

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 21 (Delegate Frush)
Ways and Means

Tobacco Tax - Contraband Products - Disposition of Seized Property

This bill provides that if contraband tobacco products are seized by the Comptroller and forfeited, the Comptroller is required to dispose of and destroy the contraband tobacco in a manner determined by the Comptroller.

Fiscal Summary

State Effect: General fund revenue decrease of \$350,000 to \$500,000 annually beginning in FY 2002, based on previous sales of contraband tobacco products. Minimal general fund expenditure increase associated with the disposition of contraband tobacco products.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The Comptroller is required to sell contraband tobacco products that are seized and forfeited to a State institution, a nonprofit charitable institution, a licensed cigarette wholesaler, or a licensed cigarette manufacturer in a manner determined by the Comptroller.

State Fiscal Effect: Contraband tobacco products are sold to various State institutions, nonprofit organizations, and licensed cigarette wholesalers or manufacturers. The revenue resulting from these sales goes to the State general fund. Since July 1, 1999

contraband tobacco products have been sold for approximately \$375,900. It is estimated that discontinuing the sale of contraband tobacco products would result in an annual revenue loss of \$350,000 to \$500,000.

The State would also incur increased expenditures due to the cost of loading, transporting, associated security, and incineration of contraband tobacco products. These costs cannot be reliably estimated at this time, but are assumed to be insignificant. The State incurs very little expense by selling the contraband tobacco products as the purchaser is responsible for loading and transportation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Field Enforcement Division),
Department of Legislative Services

Fiscal Note History: First Reader – January 18, 2001
ncs/jr

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