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By: **Senators Exum, Astle, DeGrange, Gladden, Grosfeld, Hafer, Jimeno,  
Klausmeier, Middleton, Schrader, Stone, and Teitelbaum**

Introduced and read first time: February 4, 2005

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Cigarettes - Direct Sales and Shipping**

3 FOR the purpose of prohibiting a person engaged in the business of selling or  
4 distributing cigarettes from selling, shipping, or causing to be shipped  
5 cigarettes, ordered or purchased by mail or through a computer, telephonic, or  
6 other electronic network by a consumer or other unlicensed recipient, directly to  
7 a consumer or other unlicensed recipient in this State; permitting a licensed  
8 retailer or an employee of a licensed retailer to deliver no more than a certain  
9 number of cartons of cigarettes directly to a consumer; establishing penalties for  
10 a violation of this Act by a licensee or other person engaged in the business of  
11 selling or distributing cigarettes; and generally relating to direct cigarette sales  
12 and shipping.

13 BY adding to

14 Article - Business Regulation

15 Section 16-223

16 Annotated Code of Maryland

17 (1998 Replacement Volume and 2004 Supplement)

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

20 **Article - Business Regulation**

21 16-223.

22 (A) THIS SECTION APPLIES TO A PERSON WHO IS ENGAGED IN THE BUSINESS  
23 OF SELLING OR DISTRIBUTING CIGARETTES.

24 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A  
25 PERSON COVERED UNDER THIS SECTION MAY NOT:

26 (I) SELL OR SHIP CIGARETTES, ORDERED OR PURCHASED BY MAIL  
27 OR THROUGH A COMPUTER NETWORK, TELEPHONIC NETWORK, OR OTHER

1 ELECTRONIC NETWORK BY A CONSUMER OR OTHER UNLICENSED RECIPIENT,  
2 DIRECTLY TO A CONSUMER OR OTHER UNLICENSED RECIPIENT IN THIS STATE; OR

3 (II) CAUSE CIGARETTES, ORDERED OR PURCHASED BY MAIL OR  
4 THROUGH A COMPUTER NETWORK, TELEPHONIC NETWORK, OR OTHER ELECTRONIC  
5 NETWORK BY A CONSUMER OR OTHER UNLICENSED RECIPIENT, TO BE SHIPPED  
6 DIRECTLY TO A CONSUMER OR OTHER UNLICENSED RECIPIENT IN THIS STATE.

7 (2) A LICENSED RETAILER MAY DELIVER NO MORE THAN TWO CARTONS  
8 OF CIGARETTES DIRECTLY TO A CONSUMER IF THE DELIVERY IS MADE BY THE  
9 LICENSED RETAILER OR AN EMPLOYEE OF THE LICENSED RETAILER.

10 (C) (1) A LICENSEE WHO SELLS OR SHIPS CIGARETTES IN VIOLATION OF  
11 THIS SECTION OR CAUSES CIGARETTES TO BE SHIPPED IN VIOLATION OF THIS  
12 SECTION IS SUBJECT TO:

13 (I) DISCIPLINE BY THE COMPTROLLER UNDER § 16-210 OF THIS  
14 SUBTITLE; AND

15 (II) THE PENALTY SPECIFIED UNDER § 13-1015 OF THE TAX -  
16 GENERAL ARTICLE.

17 (2) A PERSON OTHER THAN A LICENSEE WHO SELLS OR SHIPS  
18 CIGARETTES IN VIOLATION OF THIS SECTION OR CAUSES CIGARETTES TO BE  
19 SHIPPED IN VIOLATION OF THIS SECTION IS SUBJECT TO THE PENALTY SPECIFIED  
20 UNDER § 13-1015 OF THE TAX - GENERAL ARTICLE.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 October 1, 2005.