

SENATE BILL 37

Q7

51r0308
CF 51r0322

By: **Senator Madaleno**

Introduced and read first time: January 20, 2015

Assigned to: Budget and Taxation and Finance

A BILL ENTITLED

AN ACT concerning

Tobacco Taxes – Healthy Maryland Initiative

FOR the purpose of altering certain fees for licenses for tobacco manufacturers, retailers, and storage warehouses; altering certain fees for licenses for other tobacco products manufacturers, retailers, tobacconists, and storage warehouses; requiring a certain level of funding for the Tobacco Use Prevention and Cessation Program; altering the tobacco tax rates on cigarettes and other tobacco products; requiring certain wholesalers of cigarettes and other tobacco products to report the amount of other tobacco products sold on a tobacco tax return; requiring a direct tobacco shipper to file a certain tax return and pay tobacco taxes due on sales; altering the discount allowed on tax stamps to a licensed wholesaler of cigarettes; requiring a person to obtain a certain permit before selling and shipping pipe tobacco or premium cigars directly to a consumer in the State; requiring an applicant for a direct tobacco shipper's permit to submit certain information and pay a certain fee; requiring the Comptroller to issue a direct tobacco shipper's permit to an applicant who meets certain requirements; establishing the term of a direct tobacco shipper's permit; requiring a direct tobacco shipper to label packages with certain information; requiring a direct tobacco shipper to report certain information quarterly to the Comptroller; requiring a direct tobacco shipper to maintain certain records for a certain period of time; requiring a direct tobacco shipper to consent to the jurisdiction of the Comptroller and allow audits of the direct tobacco shipper's records; establishing the criteria and fee for the renewal of a direct tobacco shipper's permit; requiring a consumer receiving a direct shipment of certain tobacco to be at least a certain age; prohibiting the resale of a shipment of tobacco by the recipient; requiring a person to obtain a tobacco common carrier permit before transporting certain tobacco from a direct tobacco shipper to a consumer; requiring an applicant for a tobacco common carrier permit to submit certain information and pay a certain fee; prohibiting the delivery of tobacco to a consumer in the State without a valid tobacco common carrier permit; establishing the term of a tobacco common carrier permit; requiring a tobacco common carrier to verify the age of a recipient to complete delivery; prohibiting a tobacco common carrier from delivering a shipment to certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



individuals; requiring a tobacco common carrier to verify that the shipper of tobacco in the State holds a valid direct tobacco shipper's permit; requiring a tobacco common carrier to report certain information quarterly to the Comptroller; requiring a tobacco common carrier to maintain certain records for a certain number of years; authorizing the Comptroller to adopt certain regulations; prohibiting the sale and shipment of certain tobacco products directly to consumers in the State unless the person has a certain permit; establishing penalties for violating certain provisions of this Act; clarifying that all cigarettes and other tobacco products used, possessed, or held in the State on or after a certain date are subject to the full tax enacted under this Act; authorizing the Comptroller to determine the method of assessing and collecting certain additional taxes; requiring certain additional taxes to be remitted to the Comptroller by a certain date; making the provisions of this Act severable; defining certain terms; altering certain definitions; and generally relating to the taxation of cigarettes and other tobacco products.

BY repealing and reenacting, with amendments,
Article – Business Regulation
Section 16–101(b), 16–204, and 16.5–203
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

BY adding to
Article – Business Regulation
Section 16.7–101 through 16.7–114 to be under the new title “Title 16.7. Direct Tobacco Shipper’s Permits”
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,
Article – Health – General
Section 13–1015
Annotated Code of Maryland
(2009 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 12–101(a) and (d) and 12–303(a)
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 12–101(b), 12–105, 12–202, and 12–303(b)
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

BY adding to

Article – Tax – General
Section 12–204
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

Preamble

WHEREAS, Between 1998 and 2010, the smoking rate in Maryland has declined by 32%, double the national average, saving over 70,000 people from preventable tobacco–caused deaths and hundreds of millions of dollars in health care costs, in large part as a result of three tobacco tax increases; and

WHEREAS, Tobacco still kills tens of thousands of Marylanders, costing hundreds of millions of dollars in health care costs, while the State’s tobacco control program has been cut back substantially; and

WHEREAS, The money raised by the \$1–per–pack tobacco tax increase enacted in 2007 was used to expand health care coverage to over 100,000 Maryland patients, bringing Maryland from 44th in the nation to 14th in providing health care coverage for low–income adults; and

WHEREAS, Maryland has made significant progress in expanding health care in recent years, and is leading the nation in implementing the Affordable Care Act; and

WHEREAS, Additional resources could help ensure that this progress continues, especially by funding critical life–saving health care and public health programs such as Medicaid, the State tobacco control program, the State Health Improvement Process, and other community–based health initiatives such as those that address childhood obesity and long–term care for seniors; and

WHEREAS, Lack of additional funding for health care coverage, public health initiatives, and community services will mean that uninsured and underinsured people will continue to go to the hospital for care, which results in higher insurance premiums for everyone; and

WHEREAS, Raising the State’s tobacco tax by \$1 per pack for cigarettes with a comparable increase for other tobacco products will raise necessary funds in addition to dramatically reducing teen and adult tobacco use, which in turn will save lives and save the State health care costs; now, therefore,

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

Article – Business Regulation

16–101.

(b) “Cigarette” means any size or shaped roll for smoking, **HOWEVER LABELED OR NAMED:**

(1) (I) that is made of tobacco or tobacco mixed with another ingredient [and wrapped in]; **AND**

(II) **THAT WEIGHS NO MORE THAN 4.5 POUNDS PER 1,000; AND**

(2) (I) **THE WRAPPER OR COVER OF WHICH IS MADE OF** paper or [in] any other material except tobacco; **OR**

(II) **THAT IS WRAPPED IN ANY SUBSTANCE CONTAINING TOBACCO AND HAS A CELLULOSE ACETATE OR OTHER TYPE OF FILTER.**

16–204.

(a) An applicant for a license to act as a manufacturer shall:

(1) submit an application to the Comptroller on the form and containing the information that the Comptroller requires; and

(2) pay to the Comptroller a fee of [~~\$25~~] **\$250**.

(b) (1) An applicant for a license to act as a retailer shall:

(i) obtain the county license required under § 16–301 of this title;

(ii) submit to the clerk an application for each permanent or temporary place of business located in the same enclosure and operated by the same applicant; and

(iii) pay to the clerk a fee of [~~\$30~~] **\$250**.

(2) The application shall:

(i) be made on the form that the clerk requires; and

(ii) contain the information that the Comptroller requires.

(c) An applicant for a license to act as a storage warehouse shall:

(1) submit an application to the Comptroller on the form and containing the information that the Comptroller requires; and

(2) pay to the Comptroller a fee of [~~\$25~~] **\$200**.

(d) An applicant for a license to act as a subwholesaler shall:

(1) submit an application to the Comptroller on the form and containing the information that the Comptroller requires; and

(2) pay to the Comptroller a fee of:

(i) \$500 for a 1-year term; or

(ii) the amount that results when \$500 is prorated to the nearest month, if the application is for less than a 1-year term.

(e) An applicant for a license to act as a vending machine operator shall:

(1) obtain the county license required under § 16–301 of this title;

(2) submit an application to the Comptroller on the form and containing the information that the Comptroller requires; and

(3) pay to the Comptroller a fee of \$500.

(f) An applicant for a license to act as a wholesaler shall:

(1) submit an application to the Comptroller on the form and containing the information that the Comptroller requires; and

(2) pay to the Comptroller a fee of \$750.

(g) If a person has had a license revoked under § 16–210 of this subtitle, the person may not reapply for a license within 1 year after the date when the prior license was revoked.

(h) (1) In addition to the license fee otherwise required under this section:

(i) an applicant for the initial issuance of a license issued by the Comptroller under this title shall pay to the Comptroller a nonrefundable application fee of \$200; and

(ii) an applicant for renewal of a license issued by the Comptroller under this title shall pay to the Comptroller a renewal fee of [~~\$30~~] **\$200**.

(2) The application and renewal fees required under this subsection do not apply to a license that is issued by the clerk or to a storage warehouse license application.

(a) An applicant for a license to act as a licensed other tobacco products manufacturer shall:

(1) submit an application to the Comptroller on the form and containing the information that the Comptroller requires; and

(2) pay to the Comptroller a fee of [~~\$25~~] **\$250**.

(b) (1) An applicant for a license to act as an other tobacco products retailer or a tobacconist:

(i) shall obtain a county license by submitting to the clerk an application for each permanent or temporary place of business located in the same enclosure and operated by the same applicant; and

(ii) except as provided in paragraph (2) of this subsection, shall pay to the clerk a fee of [~~\$15~~] **\$200**.

(2) A person who has a license issued under Title 16 of this article to act as a cigarette retailer or to act as a special cigarette retailer is not required to pay the license fee.

(3) The application shall:

(i) be made on the form that the clerk requires; and

(ii) contain the information that the Comptroller requires.

(c) An applicant for a license to act as an other tobacco products storage warehouse shall:

(1) submit an application to the Comptroller on the form and containing the information that the Comptroller requires; and

(2) pay to the Comptroller a fee of [~~\$25~~] **\$250**.

(d) (1) An applicant for a license to act as an other tobacco products wholesaler shall:

(i) submit an application to the Comptroller on the form and containing the information that the Comptroller requires; and

(ii) except as provided in paragraph (2) of this subsection, pay to the Comptroller a fee of \$250.

(2) A person who has a license issued under Title 16 of this article to act as a cigarette wholesaler or to act as a cigarette subwholesaler is not required to pay the license fee.

(e) A licensee shall display a license in the way that the Comptroller requires by regulation.

(f) If a person has had a license revoked under § 16.5–208 of this subtitle, the person may not reapply for a license within 1 year after the date when the prior license was revoked.

TITLE 16.7. DIRECT TOBACCO SHIPPER'S PERMITS.

16.7–101.

(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) (1) “COMMON CARRIER” MEANS A BUSINESS ENTITY THAT HOLDS ITSELF OUT AS BEING AVAILABLE TO THE PUBLIC TO TRANSPORT IN INTERSTATE AND FOREIGN COMMERCE FOR COMPENSATION ANY CLASS OF PASSENGER OR PROPERTY.

(2) “COMMON CARRIER” DOES NOT INCLUDE A BUSINESS ENTITY THAT TRANSPORTS ONLY PROPERTY IT OWNS OR THAT IS CONSIGNED TO IT.

(C) “DIRECT TOBACCO SHIPPER” MEANS THE HOLDER OF A DIRECT TOBACCO SHIPPER'S PERMIT ISSUED UNDER THIS TITLE THAT AUTHORIZES THE HOLDER TO SELL AND SHIP PIPE TOBACCO OR PREMIUM CIGARS.

(D) “PIPE TOBACCO” HAS THE MEANING STATED IN § 16.5–101 OF THIS ARTICLE.

(E) “PREMIUM CIGARS” HAS THE MEANING STATED IN § 16.5–101 OF THIS ARTICLE.

(F) “TOBACCO COMMON CARRIER” MEANS A COMMON CARRIER THAT HOLDS A TOBACCO COMMON CARRIER PERMIT ISSUED UNDER § 16.7–110 OF THIS TITLE.

16.7–102.

THIS TITLE DOES NOT APPLY TO A PERSON LICENSED UNDER TITLE 16 OR TITLE 16.5 OF THIS ARTICLE.

16.7-103.

BEFORE A PERSON MAY ENGAGE IN SELLING AND SHIPPING PIPE TOBACCO OR PREMIUM CIGARS DIRECTLY TO A CONSUMER IN THE STATE, THE PERSON SHALL OBTAIN A DIRECT TOBACCO SHIPPER'S PERMIT FROM THE COMPTROLLER.

16.7-104.

(A) AN APPLICANT FOR A DIRECT TOBACCO SHIPPER'S PERMIT SHALL:

(1) SUBMIT TO THE COMPTROLLER A COMPLETED APPLICATION ON THE FORM THAT THE COMPTROLLER PROVIDES; AND

(2) PAY A FEE OF \$200 FOR INITIAL ISSUANCE OF THE DIRECT TOBACCO SHIPPER'S PERMIT.

(B) THE COMPTROLLER SHALL ISSUE A DIRECT TOBACCO SHIPPER'S PERMIT TO EACH APPLICANT THAT MEETS THE REQUIREMENTS UNDER THIS TITLE FOR OBTAINING A DIRECT TOBACCO SHIPPER'S PERMIT.

16.7-105.

A DIRECT TOBACCO SHIPPER'S PERMIT ENTITLES THE HOLDER TO SELL AND SHIP PIPE TOBACCO OR PREMIUM CIGARS THROUGH A HOLDER OF A TOBACCO COMMON CARRIER PERMIT TO A CONSUMER IN THE STATE BY RECEIVING AND FILLING ORDERS THAT THE CONSUMER TRANSMITS BY ELECTRONIC OR OTHER MEANS.

16.7-106.

THE TERM OF A DIRECT TOBACCO SHIPPER'S PERMIT IS 1 YEAR AND BEGINS ON JULY 1.

16.7-107.

A DIRECT TOBACCO SHIPPER SHALL:

(1) ENSURE THAT ALL PACKAGES CONTAINING PIPE TOBACCO OR PREMIUM CIGARS SHIPPED DIRECTLY TO A CONSUMER IN THE STATE ARE CONSPICUOUSLY LABELED WITH:

(I) THE NAME OF THE DIRECT TOBACCO SHIPPER;

(II) THE NAME AND ADDRESS OF THE CONSUMER WHO IS THE INTENDED RECIPIENT; AND

(III) THE WORDS “CONTAINS PIPE TOBACCO OR PREMIUM CIGARS: SIGNATURE OF PERSON AT LEAST 18 YEARS OLD REQUIRED FOR DELIVERY”;

(2) REPORT QUARTERLY TO THE COMPTROLLER:

(I) THE TOTAL AMOUNT OF PIPE TOBACCO AND PREMIUM CIGARS SHIPPED IN THE STATE;

(II) THE PRICE CHARGED; AND

(III) THE NAME AND ADDRESS OF EACH PURCHASER;

(3) FILE A QUARTERLY TAX RETURN IN ACCORDANCE WITH § 12-204 OF THE TAX – GENERAL ARTICLE;

(4) PAY QUARTERLY TO THE COMPTROLLER ALL TOBACCO TAXES DUE ON SALES TO CONSUMERS IN THE STATE AND CALCULATE THE TAXES AS IF THE SALES WERE MADE IN THE STATE;

(5) MAINTAIN FOR A PERIOD OF 3 YEARS COMPLETE AND ACCURATE RECORDS OF ALL INFORMATION NEEDED TO VERIFY COMPLIANCE WITH THIS TITLE;

(6) ALLOW THE COMPTROLLER TO PERFORM AN AUDIT OF THE DIRECT TOBACCO SHIPPER’S RECORDS ON REQUEST; AND

(7) CONSENT TO THE JURISDICTION OF THE COMPTROLLER OR OTHER STATE UNITS AND THE STATE COURTS CONCERNING ENFORCEMENT OF THIS SECTION AND ANY RELATED LAW.

16.7-108.

(A) A DIRECT TOBACCO SHIPPER MAY RENEW ITS DIRECT TOBACCO SHIPPER’S PERMIT EACH YEAR IF THE DIRECT TOBACCO SHIPPER:

(1) IS OTHERWISE ENTITLED TO HAVE A DIRECT TOBACCO SHIPPER’S PERMIT;

(2) PROVIDES THE COMPTROLLER WITH A COPY OF THE CURRENT PERMIT; AND

(3) PAYS A RENEWAL FEE OF \$200.

(B) THE COMPTROLLER MAY DENY A PERMIT RENEWAL APPLICATION OF A DIRECT TOBACCO SHIPPER THAT FAILS TO:

(1) FILE A TAX RETURN REQUIRED UNDER THIS TITLE;

(2) PAY A FEE OR TAX WHEN DUE; OR

(3) AFTER RECEIVING NOTICE, COMPLY WITH A PROVISION OF THIS TITLE OR A REGULATION THAT THE COMPTROLLER ADOPTS UNDER THIS TITLE.

16.7-109.

(A) TO RECEIVE A DIRECT SHIPMENT OF PIPE TOBACCO OR PREMIUM CIGARS, A CONSUMER IN THIS STATE SHALL BE AT LEAST 18 YEARS OLD.

(B) A PERSON WHO RECEIVES A SHIPMENT OF PIPE TOBACCO OR PREMIUM CIGARS SHALL USE THE SHIPMENT FOR PERSONAL CONSUMPTION ONLY AND MAY NOT RESELL THE PIPE TOBACCO OR PREMIUM CIGARS.

16.7-110.

(A) A PERSON SHALL BE ISSUED A TOBACCO COMMON CARRIER PERMIT BEFORE THE PERSON MAY ENGAGE IN TRANSPORTING PIPE TOBACCO OR PREMIUM CIGARS FROM A DIRECT TOBACCO SHIPPER TO A CONSUMER.

(B) AN APPLICANT FOR A TOBACCO COMMON CARRIER PERMIT SHALL:

(1) SUBMIT TO THE COMPTROLLER A COMPLETED APPLICATION ON THE FORM THAT THE COMPTROLLER PROVIDES; AND

(2) PAY A FEE OF \$100 TO THE COMPTROLLER.

(C) (1) THE COMPTROLLER MAY ISSUE A TOBACCO COMMON CARRIER PERMIT TO A PERSON THAT MEETS THE DEFINITION UNDER § 16.7-101(B) OF THIS TITLE.

(2) A PERSON MAY NOT DELIVER TOBACCO FROM A LOCATION INSIDE OR OUTSIDE THE STATE TO A CONSUMER IN THE STATE FOR THE CONSUMER'S

PERSONAL USE UNLESS THE PERSON HAS A VALID TOBACCO COMMON CARRIER PERMIT.

(D) THE TERM OF A TOBACCO COMMON CARRIER PERMIT IS 1 YEAR AND BEGINS ON JULY 1.

(E) TO COMPLETE DELIVERY OF A SHIPMENT, THE TOBACCO COMMON CARRIER SHALL REQUIRE FROM A CONSUMER AT THE ADDRESS LISTED ON THE SHIPPING LABEL:

(1) THE SIGNATURE OF THE CONSUMER OR ANOTHER INDIVIDUAL AT THE ADDRESS WHO IS AT LEAST 18 YEARS OLD; AND

(2) THE GOVERNMENT-ISSUED PHOTOGRAPHIC IDENTIFICATION SHOWING THAT THE INDIVIDUAL SIGNING FOR THE SHIPMENT UNDER ITEM (1) OF THIS SUBSECTION IS AT LEAST 18 YEARS OLD.

(F) A TOBACCO COMMON CARRIER MAY NOT DELIVER A SHIPMENT TO AN INDIVIDUAL WHO IS UNDER THE AGE OF 18 YEARS, OR WHO REFUSES TO PRESENT VALID IDENTIFICATION.

(G) AT THE TIME OF INITIAL APPLICATION FOR A TOBACCO COMMON CARRIER PERMIT AND ON REQUEST OF THE COMPTROLLER, A TOBACCO COMMON CARRIER SHALL SUBMIT TO THE COMPTROLLER INFORMATION CONCERNING THE TRAINING OF ITS DRIVERS IN VERIFYING THE AGE OF RECIPIENTS OF DIRECT TOBACCO SHIPMENTS.

(H) AT LEAST ONCE PER YEAR, IN A MANNER SPECIFIED BY THE COMPTROLLER, A TOBACCO COMMON CARRIER SHALL VERIFY THAT THE SHIPPER OF TOBACCO INTO THE STATE UNDER THIS TITLE HOLDS A VALID DIRECT TOBACCO SHIPPER'S PERMIT.

16.7-111.

(A) A TOBACCO COMMON CARRIER SHALL REPORT QUARTERLY TO THE COMPTROLLER:

(1) THE DATE OF EACH DELIVERY OF TOBACCO IN THE STATE; AND

(2) THE NAME AND ADDRESS OF THE DIRECT TOBACCO SHIPPER AND THE RECEIVING CONSUMER OF EACH DELIVERY.

(B) A TOBACCO COMMON CARRIER SHALL MAINTAIN FOR A PERIOD OF 3 YEARS COMPLETE AND ACCURATE RECORDS OF ALL INFORMATION NEEDED TO VERIFY COMPLIANCE WITH THIS TITLE.

16.7-112.

THE COMPTROLLER MAY ADOPT REGULATIONS TO IMPLEMENT THIS TITLE.

16.7-113.

A PERSON MAY NOT SELL AND SHIP PIPE TOBACCO OR PREMIUM CIGARS DIRECTLY TO CONSUMERS IN THE STATE UNLESS THE PERSON HAS A VALID DIRECT TOBACCO SHIPPER'S PERMIT.

16.7-114.

(A) UNLESS OTHERWISE SPECIFIED IN THIS TITLE, A PERSON WHO VIOLATES ANY PROVISION OF THIS TITLE IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$1,000 OR IMPRISONMENT NOT EXCEEDING 30 DAYS OR BOTH.

(B) EACH VIOLATION OF THIS TITLE IS A SEPARATE VIOLATION.

Article – Health – General

13-1015.

(a) For fiscal year 2011 and fiscal year 2012, the Governor shall include at least \$6,000,000 in the annual budget in appropriations for activities aimed at reducing tobacco use in Maryland as recommended by the Centers for Disease Control and Prevention, including:

(1) Media campaigns aimed at reducing smoking initiation and encouraging smokers to quit smoking;

(2) Media campaigns educating the public about the dangers of secondhand smoke exposure;

(3) Enforcement of existing laws banning the sale or distribution of tobacco products to minors;

(4) Promotion and implementation of smoking cessation programs; and

(5) Implementation of school-based tobacco education programs.

(b) For fiscal [year 2013 and each fiscal year thereafter] **YEARS 2013, 2014, 2015, AND 2016**, the Governor shall include at least \$10,000,000 in the annual budget in appropriations for the purposes described in subsection (a) of this section.

(C) FOR FISCAL YEAR 2017 AND EACH FISCAL YEAR THEREAFTER, THE GOVERNOR SHALL INCLUDE AT LEAST \$21,000,000 IN THE ANNUAL BUDGET IN APPROPRIATIONS FOR THE PURPOSES DESCRIBED IN SUBSECTION (A) OF THIS SECTION.

Article – Tax – General

12–101.

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

(b) “Cigarette” means any size or shaped roll for smoking, **HOWEVER LABELED OR NAMED:**

(1) (I) that is made of tobacco or tobacco mixed with another ingredient [and wrapped in]; **AND**

(II) THAT WEIGHS NO MORE THAN 4.5 POUNDS PER 1,000; AND

(2) (I) THE WRAPPER OR COVER OF WHICH IS MADE OF paper or [in] any other material except tobacco; **OR**

(II) THAT IS WRAPPED IN ANY SUBSTANCE CONTAINING TOBACCO AND HAS A CELLULOSE ACETATE OR OTHER TYPE OF FILTER.

(d) “Other tobacco product” means:

(1) any cigar or roll for smoking, other than a cigarette, made in whole or in part of tobacco; or

(2) any other tobacco or product made primarily from tobacco, other than a cigarette, that is intended for consumption by smoking or chewing or as snuff.

12–105.

(a) The tobacco tax rate for cigarettes is:

(1) \$1.00 for each package of 10 or fewer cigarettes;

(2) [~~\$2.00~~] **\$3.00** for each package of at least 11 and not more than 20 cigarettes; **AND**

(3) [10.0] **15.0** cents for each cigarette in a package of more than 20 [cigarettes; and

(4) 10.0 cents for each cigarette in a package of free sample] cigarettes.

(b) (1) **(I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(II) “CIGAR” MEANS A CYLINDRICAL ROLL OF CURED TOBACCO.

(III) “CONVENTIONAL MOIST SNUFF SMOKELESS TOBACCO” MEANS ANY FINELY CUT, GROUND, OR POWDERED TOBACCO INTENDED FOR ORAL CONSUMPTION WITHOUT COMBUSTION THAT IS NOT SINGLE-DOSE SMOKELESS TOBACCO.

(IV) “LOOSE SMOKING TOBACCO” MEANS ANY TOBACCO THAT IS SUITABLE AS TOBACCO FOR CONSUMERS TO:

1. MAKE CIGARETTES OR CIGARS; OR

2. SMOKE IN A PIPE.

(V) 1. “SINGLE-DOSE SMOKELESS TOBACCO” MEANS ANY FINELY CUT, GROUND, OR POWDERED TOBACCO OR PRODUCT DERIVED FROM TOBACCO INTENDED FOR CONSUMPTION WITHOUT BEING COMBUSTED AND IS DIVIDED BY THE MANUFACTURER INTO UNIFORM, INDIVIDUAL DOSE SERVINGS.

2. “SINGLE-DOSE SMOKELESS TOBACCO” INCLUDES SNUS, LOZENGES, TABLETS, STICKS, AND STRIPS.

3. “SINGLE-DOSE SMOKELESS TOBACCO” DOES NOT INCLUDE ANY TOBACCO PRODUCT THAT HAS BEEN APPROVED BY THE UNITED STATES FOOD AND DRUG ADMINISTRATION FOR SALE AS A TOBACCO CESSATION PRODUCT, AS A TOBACCO DEPENDENCE PRODUCT, OR FOR OTHER MEDICAL PURPOSES, AND IS MARKETED AND SOLD SOLELY FOR ITS APPROVED PURPOSE.

(2) (I) Except as provided in paragraph [(2)] (3) of this subsection, the tobacco tax rate for other tobacco products is [30%] THE HIGHER OF 76% of the wholesale price of the tobacco products, OR THE RATES DESCRIBED IN SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH.

(II) 1. THE TAX RATE FOR CONVENTIONAL MOIST SNUFF SMOKELESS TOBACCO IS \$3.00 PER 1.2-OUNCE CONTAINER, WITH A

PROPORTIONATE TAX ON WEIGHTS OF MORE THAN 1.2 OUNCES, BASED ON THE NET WEIGHT AS PROVIDED BY THE MANUFACTURER.

2. FOR CONTAINERS OF CONVENTIONAL MOIST SNUFF SMOKELESS TOBACCO THAT WEIGH LESS THAN 1.2 OUNCES, THE MINIMUM TAX RATE SHALL BE \$3.00 PER CONTAINER.

(III) THE TAX RATE FOR SINGLE-DOSE SMOKELESS TOBACCO IS:

1. \$2.25 FOR EACH CONTAINER OF 15 OR FEWER DOSES;

AND

2. 15.0 CENTS FOR EACH DOSE IN A CONTAINER OF MORE THAN 15 DOSES.

(IV) THE TAX RATE FOR LOOSE SMOKING TOBACCO IS 76% OF THE WHOLESALE PRICE OR \$3.00 PER 0.65 OUNCES, WHICHEVER IS GREATER.

[(2)] (3) (i) In this paragraph, “premium cigars” has the meaning stated in § 16.5–101 of the Business Regulation Article.

(ii) Except as provided in subparagraph (iii) of this paragraph, the tobacco tax rate for cigars is [70%] 76% of the wholesale price of the cigars, BUT NOT LESS THAN 15 CENTS PER CIGAR.

(iii) The tobacco tax rate for premium cigars is 15% of the wholesale price of the premium cigars.

12–202.

(a) A wholesaler shall complete and file with the Comptroller a tobacco tax return:

(1) for cigarettes:

(i) on or before the 21st day of the month that follows the month in which the wholesaler has the first possession, in the State, of unstamped cigarettes for which tax stamps are required; and

(ii) if the Comptroller so specifies, by regulation, on other dates for each month in which the wholesaler does not have the first possession of any unstamped cigarettes in the State; and

(2) for other tobacco products, on or before the 21st day of the month that follows the month in which the wholesaler has possession of other tobacco products on which the tobacco tax has not been paid.

(b) Each return shall state the quantity of cigarettes or the wholesale price AND AMOUNT of other tobacco products sold during the period that the return covers.

12-204.

A DIRECT TOBACCO SHIPPER THAT HOLDS A DIRECT TOBACCO SHIPPER'S PERMIT UNDER TITLE 16.7 OF THE BUSINESS REGULATION ARTICLE SHALL COMPLETE AND FILE WITH THE COMPTROLLER A TOBACCO TAX RETURN AS REQUIRED BY THE COMPTROLLER BY REGULATION.

12-303.

(a) (1) A licensed wholesaler may buy tax stamps, in the manner and at the time that the Comptroller requires by regulation.

(2) Tax stamps may not be bought from a person other than the Comptroller unless the buyer:

(i) has written permission from the Comptroller to do so; or

(ii) is acting in accordance with the regulations of the Comptroller for stamping floor stock.

(b) The Comptroller shall allow a licensed wholesaler a discount of [0.82% of the purchase price of] **1.6 CENTS PER tax [stamps] STAMP.**

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) as provided in § 12-105 of the Tax – General Article, all cigarettes and other tobacco products used, possessed, or held in the State on or after July 1, 2015, by any person for sale or use in the State shall be subject to the full tax on cigarettes and other tobacco products as enacted under this Act;

(b) the Comptroller may provide an alternative method of assessing and collecting the additional tax; and

(c) the revenue attributable to this requirement shall be remitted to the Comptroller no later than October 15, 2015.

SECTION 3. AND BE IT FURTHER ENACTED, That, if any provision of this Act or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act that can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2015.