

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1737 (Charles County Delegation)
Economic Matters

Charles County - Cigarette Retailers - County License Fee

This bill increases the fee for a county cigarette retailer license in Charles County to \$125. For each license fee collected, the Clerk of the Circuit Court for Charles County is required to distribute \$25 to the Comptroller and \$100 to Charles County for enforcement of existing laws banning the sale or distribution of tobacco or tobacco products to minors, which may not supplant existing funding for such purposes. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: General fund revenues increase by approximately \$4,000 annually beginning in FY 2019. General fund expenditures increase by \$9,200 in FY 2019 only for programming costs.

Local Effect: Charles County revenues increase by approximately \$12,100 annually beginning in FY 2019. County expenditures are assumed to increase correspondingly for enhanced enforcement.

Small Business Effect: Minimal, as discussed below.

Analysis

Current Law: The Comptroller issues cigarette retailer licenses through the local clerks of the court. To obtain a license to sell cigarettes at retail, a person must (1) obtain a county license; (2) file an application with the clerk; and (3) pay the clerk a fee of \$30, which is distributed to the Comptroller. A county license costs an additional \$25 in all counties except Cecil and Montgomery counties. In Cecil County, the cost is \$50. Chapter 732 of 2016 increased the county license fee in Montgomery County from \$25 to \$125.

Licenses expire on the first April 30 after the effective date, but they are renewable for an additional year. To renew a cigarette retailer license, licensees must pay the aforementioned fees.

A person that operates a vending stand under a trader's license issued to Blind Industries and Services of Maryland is not required to obtain a cigarette retailer license.

The Comptroller may deny a license to an applicant, reprimand a licensee, or suspend or revoke a license if the applicant or licensee (1) fraudulently or deceptively obtains or attempts to obtain a license for another person; (2) fraudulently or deceptively uses a license; (3) fails to comply with the Maryland Cigarette Sales Below Cost Act; (4) sells cigarettes in less than 20 per package; (5) illegally buys cigarettes for resale; (6) is convicted of a felony or misdemeanor that is a crime of moral turpitude directly related to the fitness or qualification of the licensee or applicant; or (7) fails to pay a tax due.

Except in the case of selling tobacco products to a minor in violation of State law, a licensee whose license is suspended or revoked may petition the Comptroller for permission to make an offer of compromise (in which the licensee pays a sum of money in lieu of serving the suspension or revocation).

State Revenues: The current fee to obtain a county cigarette retailer license in Charles County is \$25. This fee is increased to \$125 under the bill, and the Clerk of the Circuit Court for Charles County must distribute \$25 from each county cigarette retailer license fee to the Comptroller. The Comptroller's Office advises that 161 cigarette licenses were issued in Charles County in calendar 2017. Therefore, general fund revenues increase by approximately \$4,025 annually beginning in fiscal 2019. This analysis assumes that the Comptroller's Office does not currently retain any portion of county cigarette retailer license fees. This analysis also reflects the April 30 renewal date, assumes that the number of county cigarette retailer licenses issued in the county remains constant over subsequent fiscal years, and assumes that the collection and distribution of the \$30 application fee that is required in all counties remains unaffected.

State Expenditures: The Judiciary advises that the bill requires one-time programming changes at a cost of \$9,160 in fiscal 2019 only.

Local Fiscal Effect: Under the bill, Charles County receives \$100 from each cigarette retailer license fee collected rather than \$25 under current law. Therefore, revenues increase by approximately \$12,075 annually beginning in fiscal 2019. Again, this analysis assumes the Comptroller's Office currently does not retain any portion of the county cigarette retailer license fee. This analysis also reflects the April 30 renewal date, assumes that the number of county cigarette retailer licenses issued in the county remains constant over subsequent fiscal years, and assumes that the \$30 application fee remains unaffected.

Charles County expenditures are assumed to increase correspondingly as the bill requires that the monies received be used to enforce existing laws banning the sale or distribution of tobacco or tobacco products to minors. In addition, the bill specifies that these monies may not supplant existing funding for those purposes.

Small Business Effect: The bill increases the fee to obtain a county cigarette retailer license in Charles County from \$25 to \$125, a 400% increase. Although retailers of cigarettes in Charles County are subject to higher licensing fees compared to what they currently pay, this increase is not likely to affect the overall viability of businesses.

Additional Information

Prior Introductions: None.

Cross File: SB 1266 (Senator Middleton) - Education, Health, and Environmental Affairs.

Information Source(s): Charles County; Comptroller's Office; Judiciary (Administrative Office of the Courts); Department of Legislative Services

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