

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 249
 Finance

(Senator Beidle)

Economic Matters

Tobacco Product Licensees - Additional Licensure for Electronic Smoking Devices

This bill requires any person with a cigarette business license or other tobacco products (OTP) license that is seeking to manufacture, distribute, or sell electronic smoking devices (ESD) to obtain a separate license to manufacture, distribute, or sell ESD. An applicant for a license to act as an ESD retailer or vape shop vendor is exempt from paying an additional license fee if the applicant holds a cigarette business license (manufacturer, storage warehouse, subwholesaler, vending machine operator, or wholesaler) or an OTP license (manufacturer, storage warehouse, or wholesaler). Existing cigarette and OTP license holders as of September 30, 2026, are excluded from the bill’s requirement until their current license expires.

Fiscal Summary

State Effect: General fund revenues for the Alcohol, Tobacco, and Cannabis Commission (ATCC) increase by as much as \$25,100 annually beginning in FY 2027 from ESD license fees. Any additional workload for State agencies can be handled with existing budgeted resources.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	\$25,100	\$25,100	\$25,100	\$25,100	\$25,100
Expenditure	0	0	0	0	0
Net Effect	\$25,100	\$25,100	\$25,100	\$25,100	\$25,100

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The additional operational impact can be absorbed by the clerks of the circuit courts. Revenues are not affected.

Small Business Effect: Minimal.

Analysis

Current Law:

Licensing and Regulation

Generally, the Business Regulation Article governs the licensing of cigarette, OTP, and ESD manufacturers, wholesalers, retailers, storage warehouses, and vending machine operators. ATCC issues manufacturer, wholesaler, storage warehouse, and vending machine operator licenses. The clerks of the circuit courts issue retail licenses in the applicable county.

Any person with an applicable cigarette business license or OTP license (or the applicable affiliate) is also authorized to manufacture, distribute, or sell ESD and may not be required to obtain an additional ESD license.

Without an appropriate license (with limited exception), a person may not act, attempt to act, or offer to act as (1) a cigarette manufacturer, retailer, storage warehouse, subwholesaler, vending machine operator, or wholesaler; (2) an OTP manufacturer, retailer, storage warehouse, wholesaler, or tobacconist; or (3) an ESD manufacturer, retailer, wholesaler distributor, wholesaler importer, or vape shop vendor. Violators are guilty of a misdemeanor and are subject to a fine up to \$1,000 and/or imprisonment for up to 30 days. Each day that a violation continues is a separate offense.

Select License Fees

An applicant for a license to act as an ESD manufacturer must pay a fee of \$25. An applicant for a license to act as an ESD wholesaler distributor or ESD wholesaler importer must pay a fee of \$150.

Cigarette, ESD, and OTP retailer licenses are issued by the Clerk of the Circuit Court in the applicable county at a fee of \$300. Per Chapter 462 of 2024, from each license fee, the clerk of the court must distribute \$25 to ATCC and \$275 to the Maryland Department of Health (MDH) to be used by MDH or its designee to enforce existing laws prohibiting the sale or distribution of tobacco, tobacco products, or ESD to individuals younger than 21.

State Revenues: Under the bill, current cigarette business and OTP licensees (as of September 30, 2026) are not required to obtain a separate ESD license until their current license expires. As all licenses expire on April 30, regardless of when they were obtained, current license holders do not need to obtain a new license until May 2027. Even so, they must obtain a separate ESD license in fiscal 2027.

In fiscal 2025, ATCC issued 70 statewide cigarette licenses and 112 statewide OTP licenses. If all 18 currently licensed cigarette or OTP manufacturers seek an ESD manufacturer license (at a \$25 fee), revenues increase by \$450. If the remaining 164 licensees (including 99 OTP wholesalers, 34 cigarette wholesalers, 23 cigarette subwholesalers, and 8 OTP storage warehouses) seek an ESD wholesaler license (at a \$150 fee), revenues increase by \$24,600.

In total, should all such current cigarette and OTP licensees seek an ESD license, ATCC general fund revenues increase by as much as \$25,050 in fiscal 2027 (and in the out-years) from additional license fees. To the extent fewer licensees seek an ESD license, less additional revenue is realized.

Under the bill, a cigarette business or OTP licensee that manufactures, distributes, or sells ESD without a separate ESD license may be subject to existing penalties for operating without a license. Any such penalties are not expected to have a meaningful impact on State revenues.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Alcohol, Tobacco, and Cannabis Commission; Comptroller's Office; Judiciary (Administrative Office of the Courts); Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2026
jg/jc Third Reader - February 20, 2026

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