

BY: Finance Committee

AMENDMENTS TO HOUSE BILL NO. 1060

(Third Reading File Bill)

AMENDMENT NO. 1

In line 3, strike “definition of “basic cost of cigarettes”” and substitute “method for calculating certain costs of a wholesaler”; and in line 7, after “11-501(b)” insert “and (e)(1) and 11-503(b)(1)”.

AMENDMENT NO. 2

In line 16, after “PLUS” insert “, FOR THE WHOLESALER,”; in line 17, after “TAX” insert “PAYABLE BY THE WHOLESALER”; and after line 18, insert:

“(e) (1) “Cost to the wholesaler”, subject to the special cost provisions of § 11-503 of this subtitle, means the basic cost of cigarettes to a wholesaler, plus a markup to cover his cost of doing business, which cost of doing business:

(i) Includes the cartage cost to a retailer [plus the full face value of any cigarette taxes payable by the wholesaler on the cigarettes sold]; and

(ii) In the absence of satisfactory proof of a lesser cost, is presumed to be 5 percent of the basic cost of cigarettes to him.

11-503.

(b) (1) In the absence of satisfactory proof of a lesser aggregate cost of doing business, a vending machine operator or retailer who purchases cigarettes at prices ordinarily invoiced to a wholesaler and who receives the wholesaler's discounts on them shall:

(i) First, add to his basic cost of cigarettes the wholesale markup of 5 percent provided for in § 11-501 (e) to cover the cost of doing business as a wholesaler[, plus the full face

(Over)

value of any cigarette taxes payable on them]; and

(ii) Then, on the resultant sum, add the retail markup of 8 percent provided for in § 11-501 (d).”.