
By: Senator Hoffman

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Tobacco Tax - Smoking and Cancer Prevention Fund**

3 FOR the purpose of altering the tobacco tax rate; altering a certain discount provision
4 under the tobacco tax; creating a Smoking and Cancer Prevention Fund to be
5 administered by the Secretary of Health and Mental Hygiene; providing for the use
6 of the Fund; providing for certain grants for smoking and cancer prevention
7 programs; prohibiting the unspent portions of the Fund to revert to the General
8 Fund of the State; requiring the Secretary of Agriculture to develop and implement
9 a program to encourage and assist tobacco growers in the State to convert tobacco
10 farmland to other productive uses; altering the distribution of the tobacco tax
11 revenue for certain fiscal years; requiring the Comptroller to distribute a portion of
12 the tobacco tax revenues for certain fiscal years to a special fund to be used only for
13 certain purposes; requiring the Governor to include certain appropriations in the
14 annual budget bill; and generally relating to an increase in the State tobacco tax rate
15 and the dedication of certain tobacco tax revenues for certain purposes.

16 BY repealing and reenacting, with amendments,
17 Article - Tax - General
18 Section 2-1603, 12-105, and 12-303(b)
19 Annotated Code of Maryland
20 (1988 Volume and 1995 Supplement)

21 BY adding to
22 Article - Agriculture
23 Section 7-501 to be under the new subtitle "Subtitle 5. Tobacco Crop Conversion"
24 Annotated Code of Maryland
25 (1985 Replacement Volume and 1995 Supplement)

26 BY adding to
27 Article - Health - General
28 Section 24-901 through 24-903, inclusive, to be under the new subtitle "Subtitle 9.
29 Smoking and Cancer Prevention Fund"
30 Annotated Code of Maryland
31 (1990 Replacement Volume and 1995 Supplement)

2

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

3 **Article - Tax - General**

4 2-1603.

5 (A) [After] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
6 AFTER making the distributions required under §§ 2-1601 and 2-1602 of this subtitle, the
7 Comptroller shall distribute the remaining tobacco tax revenue to the General Fund of
8 the State.

9 (B) (1) FOR FISCAL YEARS 1996 AND 1997, BEFORE MAKING THE
10 DISTRIBUTION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE
11 COMPTROLLER SHALL DISTRIBUTE TO A SPECIAL FUND 100% OF THE ADDITIONAL
12 TOBACCO TAX REVENUES RESULTING FROM THE INCREASE IN THE TOBACCO TAX
13 RATE UNDER CHAPTER ____ OF THE ACTS OF 1996 (S.B.____) (6LR1720), AS
14 DETERMINED BY THE COMPTROLLER, INCLUDING THE REVENUES ATTRIBUTABLE
15 TO THE "FLOOR TAX" REQUIREMENT UNDER SECTION 2 OF THAT ACT.

16 (2) FUNDS DISTRIBUTED TO THE SPECIAL FUND UNDER PARAGRAPH (1)
17 OF THIS SUBSECTION SHALL BE CREDITED AS FOLLOWS:

18 (I) 10% OF THE FUNDS SHALL BE CREDITED TO A TOBACCO CROP
19 CONVERSION ACCOUNT WITHIN THE DEPARTMENT OF AGRICULTURE, TO BE USED
20 ONLY TO DEVELOP AND IMPLEMENT A TOBACCO CROP CONVERSION PROGRAM
21 UNDER § 7-501 OF THE AGRICULTURE ARTICLE; AND

22 (II) 90% OF THE FUNDS SHALL BE CREDITED TO THE SMOKING AND
23 CANCER PREVENTION FUND ESTABLISHED UNDER § 24-902 OF THE EDUCATION
24 ARTICLE.

25 12-105.

26 The tobacco tax rate is:

27 (1) [18] 30.5 cents for each package of 10 or fewer cigarettes;

28 (2) [36] 61 cents for each package of at least 11 and not more than 20
29 cigarettes;

30 (3) [1.8] 3.05 cents for each cigarette in a package of more than 20
31 cigarettes; and

32 (4) [1.8] 3.05 cents for each cigarette in a package of free sample cigarettes.

33 12-303.

34 (b) The Comptroller shall allow a licensed wholesaler a discount of [1.36%]
35 0.802623% of the purchase price of tax stamps.

3

1 **Article - Agriculture**

2 SUBTITLE 5. TOBACCO CROP CONVERSION.

3 7-501.

4 THE SECRETARY SHALL DEVELOP AND IMPLEMENT A PROGRAM TO
5 ENCOURAGE AND ASSIST TOBACCO GROWERS IN THE STATE TO CONVERT TOBACCO
6 FARMLAND TO PRODUCTIVE USES OTHER THAN THE GROWING OF TOBACCO.

7 **Article - Health - General**

8 SUBTITLE 9. SMOKING AND CANCER PREVENTION FUND.

9 24-901.

10 IN THIS SUBTITLE "FUND" MEANS THE SMOKING AND CANCER PREVENTION
11 FUND ESTABLISHED UNDER § 24-902 OF THIS SUBTITLE.

12 24-902.

13 (A) THERE IS A SMOKING AND CANCER PREVENTION FUND.

14 (B) THE FUND SHALL CONSIST OF THE TOBACCO TAX REVENUE
15 DISTRIBUTED TO THE FUND UNDER § 2-1603 OF THE TAX - GENERAL ARTICLE AND
16 ANY EARNINGS OF THE FUND.

17 (C) THE SECRETARY SHALL ADMINISTER THE FUND.

18 (D) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER
19 AS OTHER STATE FUNDS AND ANY INVESTMENT EARNINGS SHALL ACCRUE TO THE
20 FUND.

21 (E) THE FUND SHALL BE USED ONLY AS PROVIDED IN § 24-903 OF THIS
22 SUBTITLE.

23 (F) THE FUND SHALL BE MAINTAINED FOR THE PURPOSES STATED IN THIS
24 SUBTITLE AND UNSPENT PORTIONS OF THE FUND SHALL REMAIN IN THE FUND AND
25 MAY NOT REVERT TO THE GENERAL FUND OF THE STATE.

26 24-903.

27 (A) THE FUND SHALL BE USED TO MAKE ANNUAL GRANTS TO THE
28 MARYLAND ASSOCIATION OF COUNTY HEALTH OFFICERS, TO BE USED BY THE
29 ASSOCIATION ONLY AS PROVIDED IN THIS SECTION.

30 (B) (1) THE MARYLAND ASSOCIATION OF COUNTY HEALTH OFFICERS
31 SHALL USE THE GRANTS PROVIDED UNDER THIS SECTION FOR PROGRAMS
32 RELATING TO SMOKING PREVENTION, SMOKING CESSATION, AND THE PREVENTION
33 OF CANCER AND CANCER RELATED DISEASES.

34 (2) THE PROGRAMS FUNDED WITH THE GRANTS PROVIDED UNDER
35 THIS SECTION SHALL BE:

4

1 (I) DEVELOPED BY THE ASSOCIATION OF COUNTY HEALTH
2 OFFICERS; AND

3 (II) IMPLEMENTED ON BOTH A LOCAL AND STATEWIDE BASIS IN
4 COOPERATION WITH THE SECRETARY.

5 (3) ALL EXPENDITURES MADE FROM THE GRANTS PROVIDED UNDER
6 THIS SECTION SHALL BE SUBJECT TO THE REVIEW AND APPROVAL OF THE
7 SECRETARY.

8 (C) THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET SUBMITTED
9 TO THE GENERAL ASSEMBLY AN APPROPRIATION FOR THE GRANTS FROM THE
10 FUND IN AN AMOUNT EQUAL TO AT LEAST THE LESSER OF:

11 (1) \$4,000,000; OR

12 (2) THE BALANCE OF THE FUND.

13 SECTION 2. AND BE IT FURTHER ENACTED, That all cigarettes used,
14 possessed, or held in the State of Maryland by any person for sale or use in the State of
15 Maryland shall be subject to the full tobacco tax imposed by this Act. This requirement
16 includes: (1) cigarettes in vending machines or other mechanical dispensers; and (2)
17 cigarettes (generally referred to as "floor stock") in packages which already bear stamps
18 issued by the Comptroller under the State Tobacco Tax Act but for an amount less than
19 the full tax imposed of 30.5 cents for each 10 cigarettes or fractionalpart thereof; all
20 cigarettes held for sale by any person in the State of Maryland on and after June 1, 1996
21 which bear a tax stamp issued by the Comptroller of a value less than 61 cents for each
22 pack of 20 cigarettes must be stamped with the additional stamps necessary to make the
23 aggregate value equal to 61 cents. In lieu of the additional stamps necessary to make the
24 aggregate tax value equal to 61 cents, the Comptroller may provide an alternate method
25 of collecting the additional tax. The revenue attributable to this requirement shall be
26 remitted to the State Comptroller's Office by September 30, 1996. Except as provided
27 above, on and after June 1, 1996, no Maryland stamp shall be used except the stamp
28 issued by the Comptroller to evidence the tobacco tax of 61 cents imposed by this Act.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 June 1, 1996.