

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 554 (Chairman, Ways and Means Committee)
(Departmental - Comptroller)

Ways and Means

Alcoholic Beverages and Cigarettes - Seizures

This departmental bill requires the Comptroller to hold an informal instead of a formal hearing on a claim for return of seized alcoholic beverages, cigarettes, or conveyances used for their transportation. In addition, the bill allows the Comptroller to sell confiscated cigarettes to wholesalers and manufacturers.

Fiscal Summary

State Effect: Potential indeterminate increase in revenues and expenditures.

Local Effect: None.

Small Business Effect: The Office of the Comptroller has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment.

Fiscal Analysis

State Revenues: Under current law, the Comptroller only can sell confiscated cigarettes to State institutions or nonprofit charitable institutions. Revenue from the sale of confiscated cigarettes could increase to the extent that amounts bid by wholesalers and manufacturers exceed institutional and nonprofit entity bids.

The Comptroller has historically sold confiscated cigarettes for the cost of the State cigarette tax, or 36 cents per pack. An average of 43,152 packs of cigarettes are confiscated each year. Accordingly, the Comptroller realizes approximately \$15,535 of revenue each year from the sale of the cigarettes. For illustrative purposes only, if the bids for the cigarettes

increase to \$1.00 per pack, revenues would increase \$27,600, assuming confiscations remain constant.

State Expenditures: Expenditures for some State agencies could increase, to the extent that the agencies would have to pay higher prices for the confiscated cigarettes. Any increased expenditures for the confiscated cigarettes would be completely offset by increased revenue collected by the Comptroller. If any State agencies are forced to purchase cigarettes on the open market, instead of the confiscated cigarettes, there could be additional increases in expenditures.

The change from formal to informal hearings would not materially affect the expenditures of the Office of the Comptroller.

Information Source(s): Office of the Comptroller (Alcohol and Tobacco Tax Unit), Department of Fiscal Services

Fiscal Note History: First Reader - February 27, 1996

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