

CF 7r2752

By: Delegates Boston, Barve, Barve and Gordon
Introduced and read first time: January 31, 1997
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 12, 1997

CHAPTER ____

1 AN ACT concerning

2 **Cigarette Business Licenses - Manufacturers and Wholesalers**

3 FOR the purpose of prohibiting a licensed manufacturer of cigarettes or a person
4 connected to the business of a licensed manufacturer from simultaneously holding a
5 financial interest in a cigarette wholesaler license or wholesaler business;
6 prohibiting a licensed wholesaler or person connected to the business of a licensed
7 wholesaler from simultaneously holding a financial interest in a manufacturer
8 license or manufacturer business; authorizing a manufacturer licensee, upon
9 approval of the State Comptroller, to act as an agent for a licensed wholesaler for
10 stamping and distribution of cigarettes; authorizing a wholesale licensee, upon
11 approval of the State Comptroller, to designate a licensed manufacturer to act as its
12 agent for the stamping and distribution of cigarettes; and generally relating to
13 cigarette business licensing.

14 BY repealing and reenacting, with amendments,
15 Article - Business Regulation
16 Section 16-202 and 16-206(a) and (f)
17 Annotated Code of Maryland
18 (1992 Volume and 1996 Supplement)

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

2

1 **Article - Business Regulation**

2 16-202.

3 (a) Except as provided in subsection (b) of this section, a person must have an
4 appropriate license whenever the person acts as a manufacturer, retailer, storage
5 warehouse, subwholesaler, vending machine operator, or wholesaler in the State.

6 (b) A person need not get a retailer license to act as a retailer at a vending stand
7 operated under a trader's license issued to Blind Industries and Services of Maryland.

8 (c) A license to act as a retailer is required for each place of business where a
9 person acts as a retailer.

10 (D) (1) A PERSON LICENSED AS A MANUFACTURER, OR PERSON
11 CONNECTED WITH THE BUSINESS OF A LICENSED MANUFACTURER OR RELATED BY
12 OWNERSHIP, MAY NOT AT THE SAME TIME HOLD OR HAVE ANY FINANCIAL
13 INTEREST IN A WHOLESALER LICENSE OR IN ANY BUSINESS OF A WHOLESALER.

14 (2) A PERSON LICENSED AS A WHOLESALER, OR PERSON CONNECTED
15 WITH THE BUSINESS OF A LICENSED WHOLESALER OR RELATED BY OWNERSHIP,
16 MAY NOT AT THE SAME TIME HOLD OR HAVE ANY FINANCIAL INTEREST IN A
17 MANUFACTURER LICENSE OR IN ANY BUSINESS OF A MANUFACTURER.

18 16-206.

19 (a) A manufacturer license authorizes the licensee to:

20 (1) sell unstamped cigarettes to a licensed cigarette wholesaler located in
21 Maryland;

22 (2) except as otherwise prohibited or restricted under local law, this article,
23 or Article 27 of the Code, distribute sample cigarettes to consumers located in Maryland;
24 [and]

25 (3) store unstamped cigarettes in a licensed cigarette storage warehouse for
26 subsequent shipment to licensed wholesalers, federal reservations, or persons out of
27 State[.]; AND

28 (4) UPON APPROVAL OF THE COMPTROLLER, ACT AS AN AGENT OF A
29 MARYLAND LICENSED WHOLESALER FOR STAMPING AND DISTRIBUTION OF
30 CIGARETTES.

31 (f) A wholesaler license authorizes the licensee to:

32 (1) act as a wholesaler;

33 (2) buy unstamped cigarettes directly from a cigarette manufacturer;

34 (3) hold unstamped cigarettes;

35 (4) buy tobacco tax stamps as authorized by § 12-303 of the Tax - General
36 Article;

37 (5) transport unstamped cigarettes in the State; [and]

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1 (6) sell unstamped cigarettes to another licensed wholesaler if the
2 Comptroller specifically authorizes[.]; AND

3 (7) UPON APPROVAL OF THE COMPTROLLER, DESIGNATE A LICENSED
4 MANUFACTURER TO ACT AS ITS AGENT FOR THE STAMPING AND DISTRIBUTION OF
5 CIGARETTES.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 1997.