
By: Senator Hoffman

Introduced and read first time: January 31, 1997

Assigned to: Budget and Taxation and Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 State Tobacco Tax - Smoking and Cancer Prevention Fund - Poverty Grants for Schools

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

17 BY repealing and reenacting, with amendments,
18 Article - Tax - General
19 Section 2-1603, 12-105, and 12-303(b)
20 Annotated Code of Maryland
21 (1988 Volume and 1996 Supplement)

22 BY adding to
23 Article - Agriculture
24 Section 7-501 to be under the new subtitle "Subtitle 5. Tobacco Crop Conversion"
25 Annotated Code of Maryland
26 (1985 Replacement Volume and 1996 Supplement)

27 BY adding to
28 Article - Education
29 Section 5-212
30 Annotated Code of Maryland
31 (1997 Replacement Volume)

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1 BY adding to
2 Article - Health - General
3 Section 24-901 through 24-903, inclusive, to be under the new subtitle "Subtitle 9.
4 Smoking and Cancer Prevention Fund"
5 Annotated Code of Maryland
6 (1996 Replacement Volume and 1996 Supplement)

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

9 **Article - Tax - General**

10 2-1603.

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

15 (B) (1) FOR EACH FISCAL YEAR, BEFORE MAKING THE DISTRIBUTION
16 REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE COMPTROLLER SHALL
17 DISTRIBUTE TO A SPECIAL FUND 100% OF THE ADDITIONAL TOBACCO TAX
18 REVENUES RESULTING FROM THE INCREASE IN THE TOBACCO TAX RATE UNDER
19 CHAPTER ____ OF THE ACTS OF 1997 (S.B.) ____ (7LR1696), AS DETERMINED BY THE
20 COMPTROLLER, INCLUDING THE REVENUES ATTRIBUTABLE TO THE "FLOOR TAX"
21 REQUIREMENT UNDER SECTION 2 OF THAT ACT.

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

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

28 (II) 25% OF THE FUNDS SHALL BE CREDITED TO THE SMOKING AND
29 CANCER PREVENTION FUND ESTABLISHED UNDER § 24-902 OF THE EDUCATION
30 ARTICLE; AND

31 (III) 65% OF THE FUNDS SHALL BE CREDITED TO A SPECIAL FUND
32 TO PROVIDE POVERTY GRANTS TO LOCAL BOARDS OF EDUCATION AS PROVIDED IN
33 § 5-212 OF THE EDUCATION ARTICLE.

34 12-105.

35 The tobacco tax rate is:

36 (1) [18] 30.5 cents for each package of 10 or fewer cigarettes;

37 (2) [36] 61 cents for each package of at least 11 and not more than 20
38 cigarettes;

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1 (3) [1.8] 3.05 cents for each cigarette in a package of more than 20
2 cigarettes; and

3 (4) [1.8] 3.05 cents for each cigarette in a package of free sample cigarettes.

4 12-303.

5 (b) The Comptroller shall allow a licensed wholesaler a discount of [1.36%]
6 0.802623% of the purchase price of tax stamps.

7 **Article - Agriculture**

8 SUBTITLE 5. TOBACCO CROP CONVERSION.

9 7-501.

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

13 **Article - Education**

14 5-212.

15 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
16 INDICATED.

17 (2) "PRECEDING SCHOOL YEAR" MEANS THE SCHOOL YEAR PRIOR TO
18 THE FISCAL YEAR FOR WHICH A POVERTY GRANT UNDER THIS SECTION IS
19 PROVIDED.

20 (3) "STUDENT LIVING IN POVERTY" MEANS A STUDENT WHO QUALIFIES
21 FOR A FREE OR REDUCED PRICE LUNCH.

22 (B) (1) FOR EACH FISCAL YEAR, SUBJECT TO THE APPROPRIATION OF
23 FUNDS IN THE STATE BUDGET AND SUBJECT TO SUBSECTION (C) OF THIS SECTION,
24 EACH COUNTY BOARD SHALL RECEIVE FROM THE STATE A POVERTY GRANT IN AN
25 AMOUNT EQUAL TO \$500 TIMES THE NUMBER OF STUDENTS LIVING IN POVERTY
26 ENROLLED IN SCHOOLS IN THE COUNTY FOR THE PRECEDING SCHOOL YEAR.

27 (2) EACH COUNTY BOARD SHALL DISTRIBUTE THE POVERTY GRANT
28 FUNDS DIRECTLY TO SCHOOLS BASED ON THE NUMBER OF STUDENTS LIVING IN
29 POVERTY ENROLLED IN EACH SCHOOL FOR THE PRECEDING SCHOOL YEAR.

30 (C) IF THE AMOUNT INCLUDED IN THE STATE BUDGET FOR ANY FISCAL
31 YEAR IS LESS THAN \$500 TIMES THE STATEWIDE NUMBER OF STUDENTS LIVING IN
32 POVERTY FOR THE PRECEDING SCHOOL YEAR, THE POVERTY GRANTS UNDER THIS
33 SECTION SHALL BE DISTRIBUTED AS FOLLOWS:

34 (1) FOR EACH SCHOOL IN THE STATE, CALCULATE THE PERCENTAGE
35 OF ALL STUDENTS ENROLLED IN THE SCHOOL FOR THE PRECEDING SCHOOL YEAR
36 WHO WERE STUDENTS LIVING IN POVERTY;

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1 (2) RANK EACH SCHOOL RELATIVE TO ALL SCHOOLS IN THE STATE
2 FROM THE HIGHEST TO THE LOWEST PERCENTAGES OF STUDENTS LIVING IN
3 POVERTY AS DETERMINED UNDER ITEM (1) OF THIS SUBSECTION; AND

4 (3) BEGINNING WITH THE SCHOOL WITH THE HIGHEST PERCENTAGE OF
5 STUDENTS LIVING IN POVERTY, AND UNTIL THE AMOUNT APPROPRIATED FOR THE
6 POVERTY GRANTS FOR THE FISCAL YEAR IS EXHAUSTED, DISTRIBUTE AN AMOUNT
7 EQUAL TO \$500 TIMES THE NUMBER OF STUDENTS LIVING IN POVERTY ENROLLED
8 IN EACH SCHOOL TO THE COUNTY BOARD FOR THAT SCHOOL, TO BE DISTRIBUTED
9 BY THE COUNTY BOARD TO THAT SCHOOL.

10 (D) (1) THE POVERTY GRANTS SHALL GO DIRECTLY TO IMPROVE THE
11 EDUCATIONAL OUTCOMES OF EVERY STUDENT LIVING IN POVERTY IN EACH
12 SCHOOL RECEIVING THE GRANTS.

13 (2) IN SCHOOLS CLASSIFIED AS "SCHOOLWIDE PROJECTS" UNDER
14 FEDERAL COMPENSATORY EDUCATION, POVERTY GRANTS MAY GO TOWARDS
15 SCHOOLWIDE IMPROVEMENTS.

16 (E) EACH YEAR, THE STATE BOARD AND COUNTY BOARDS SHALL
17 SEPARATELY ISSUE REPORTS:

18 (1) INDICATING WHAT THE POVERTY GRANTS WERE SPENT ON IN EACH
19 SCHOOL; AND

20 (2) EVALUATING THE EFFECTIVENESS OF THE GRANTS IN INCREASING
21 THE EDUCATIONAL OUTCOMES OF STUDENTS LIVING IN POVERTY IN EACH SCHOOL.

22 **Article - Health - General**

23 SUBTITLE 9. SMOKING AND CANCER PREVENTION FUND.

24 24-901.

25 IN THIS SUBTITLE, "FUND" MEANS THE SMOKING AND CANCER PREVENTION
26 FUND ESTABLISHED UNDER § 24-902 OF THIS SUBTITLE.

27 24-902.

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

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

32 (C) THE SECRETARY SHALL ADMINISTER THE FUND.

33 (D) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER
34 AS OTHER STATE FUNDS AND ANY INVESTMENT EARNINGS SHALL ACCRUE TO THE
35 FUND.

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

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

4 24-903.

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

8 (B) (1) THE MARYLAND ASSOCIATION OF COUNTY HEALTH OFFICERS
9 SHALL USE THE GRANTS PROVIDED UNDER THIS SECTION FOR PROGRAMS
10 RELATING TO SMOKING PREVENTION, SMOKING CESSATION, AND THE PREVENTION
11 OF CANCER AND CANCER-RELATED DISEASES.

12 (2) THE PROGRAMS FUNDED WITH THE GRANTS PROVIDED UNDER
13 THIS SECTION SHALL BE:

14 (I) DEVELOPED BY THE ASSOCIATION OF COUNTY HEALTH
15 OFFICERS; AND

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

18 (3) ALL EXPENDITURES MADE FROM THE GRANTS PROVIDED UNDER
19 THIS SECTION SHALL BE SUBJECT TO THE REVIEW AND APPROVAL OF THE
20 SECRETARY.

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

24 (1) \$4,000,000; OR

25 (2) THE BALANCE OF THE FUND.

26 SECTION 2. AND BE IT FURTHER ENACTED, That all cigarettes used,
27 possessed, or held in the State of Maryland by any person for sale or use in the State of
28 Maryland shall be subject to the full tobacco tax imposed by this Act. This requirement
29 includes: (1) cigarettes in vending machines or other mechanical dispensers; and (2)
30 cigarettes (generally referred to as "floor stock") in packages which already bear stamps
31 issued by the Comptroller under the State Tobacco Tax Act but for an amount less than
32 the full tax imposed of 30.5 cents for each 10 cigarettes or fractional part thereof; all
33 cigarettes held for sale by any person in the State of Maryland on and after June 1, 1997
34 which bear a tax stamp issued by the Comptroller of a value less than 61 cents for each
35 pack of 20 cigarettes must be stamped with the additional stamps necessary to make the
36 aggregate value equal to 61 cents. In lieu of the additional stamps necessary to make the
37 aggregate tax value equal to 61 cents, the Comptroller may provide an alternate method
38 of collecting the additional tax. The revenue attributable to this requirement shall be
39 remitted to the State Comptroller's Office by September 30, 1997. Except as provided
40 above, on and after June 1, 1997, no Maryland stamp shall be used except the stamp
41 issued by the Comptroller to evidence the tobacco tax of 61 cents imposed by this Act.

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1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 1997.