

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 1006 (Delegates Barve and Gordon)  
Economic Matters

Referred to Finance

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**Cigarette Business Licenses - Manufacturers and Wholesalers**

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This amended bill prohibits a licensed cigarette manufacturer, or person connected with the business of a licensed manufacturer or related by ownership, from simultaneously holding a financial interest in a wholesaler license or in any wholesaler's business. The bill also prohibits a licensed cigarette wholesaler, or person connected with the business of a licensed wholesaler or related by ownership, from simultaneously holding a financial interest in a manufacturer license or in any manufacturer's business.

The bill also allows the Comptroller to authorize a manufacturer's licensee to act as an agent of a Maryland licensed wholesaler for stamping and distributing cigarettes, and allows the Comptroller to authorize a wholesaler licensee to act as an agent of a licensed manufacturer.

This bill is effective July 1, 1997.

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**Fiscal Summary**

**State Effect:** None. This bill would not directly affect governmental finances.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful effect on small businesses as discussed below.

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**Fiscal Analysis**

**Small Business Effect:** This bill affects small business cigarette manufacturers and wholesalers by eliminating the ability of a cigarette manufacturer to compete for the business of a cigarette wholesaler and vice versa. This restriction of a manufacturer or wholesaler's ability to vertically integrate could increase competition in the industry. Wholesalers and manufacturers could also be affected to the extent that a wholesaler could act as an agent of a

manufacturer or vice versa.

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**Information Sources:** Comptroller of the Treasury (Alcohol and Tobacco Tax Unit); Department of Labor, Licensing and Regulation; Prince George's County; Dorchester County; Garrett County; Department of Fiscal Services

**Fiscal Note History:** First Reader - February 25, 1997

lc Revised - House Third Reader - March 24, 1997

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