

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 728 (Senator Neall)

Finance

Referred to Economic Matters

Cigarette Business Licenses - Manufacturers and Wholesalers

This enrolled 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.

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.

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.

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 27, 1997
lc Revised - Senate Third Reader - March 24, 1997
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