

SENATE BILL 746

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Q7

2000 Regular Session
0lr2778
CF 0lr3022

By: **Senators Hogan, Collins, and Middleton**
Introduced and read first time: February 4, 2000
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: April 5, 2000

CHAPTER _____

1 AN ACT concerning

2 **Tobacco Tax - Purchase of Tax Stamps**

3 FOR the purpose of increasing the discount rate of the purchase price of tobacco tax
4 stamps offered by the State Comptroller to certain wholesalers; repealing
5 certain provisions authorizing the State Comptroller to exempt certain persons
6 from posting security for the tobacco tax under certain circumstances; making
7 technical changes; and generally relating to the tobacco tax and the purchase of
8 tobacco tax stamps.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 12-303(b) and 13-825(h)
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 1999 Supplement)

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

16 **Article - Tax - General**

17 12-303.

18 (b) The Comptroller shall allow a licensed wholesaler a discount of [0.82%]
19 ~~2.27%~~ 1.31% of the purchase price of tax stamps.

1 13-825.

2 (h) [(1)] The Comptroller may require a person subject to the tobacco tax to
3 post security for the tax in the following amounts:

4 [(i)] (1) for a manufacturer or wholesaler:

5 [1.] (I) \$10,000, plus

6 [2.] (II) the amount, if any, by which the tobacco tax due for
7 any 1 month exceeds \$10,000.

8 [(ii)] (2) for a subwholesaler or vending machine operator:

9 [1.] (I) \$1,000, plus

10 [2.] (II) the amount, if any, by which the tobacco tax due for
11 any 1 month exceeds \$1,000.

12 [(2)] Except as provided in paragraph (5) of this subsection, the
13 Comptroller may exempt a person from posting security for the tobacco tax if the
14 person is and has been for the past 5 years:

15 (i) licensed as required under § 16-202 of the Business Regulation
16 Article to act as a wholesaler; and

17 (ii) 1. in continuous compliance with the tobacco tax laws, as
18 determined under paragraph (3) of this subsection; and

19 2. in continuous compliance with the conditions of the
20 person's security posted under this subsection.

21 (3) For purposes of paragraph (2) of this subsection, a person is in
22 continuous compliance with the tobacco tax laws for a period if the person has not, at
23 any time during that period:

24 (i) failed to pay any tobacco tax or any tobacco tax assessment
25 when due;

26 (ii) failed to file a tobacco tax return when due; or

27 (iii) otherwise violated any of the provisions of Title 12 or Title 13 of
28 this article or Title 16 of the Business Regulation Article.

29 (4) (i) An exemption granted under paragraph (2) of this subsection is
30 effective only to the extent that a person's potential tobacco tax liability does not
31 exceed an amount determined by the Comptroller based on the person's experience
32 during the 5-year compliance period under paragraph (2) of this subsection.

33 (ii) The Comptroller may revoke an exemption granted to a person
34 under paragraph (2) of this subsection if the person at any time fails to be in

1 continuous compliance with the tobacco tax laws, as described in paragraph (3) of this
2 subsection.

3 (iii) The Comptroller may reinstate an exemption revoked under
4 subparagraph (ii) of this paragraph if the person meets the requirements of
5 paragraph (2)(i) and (ii) of this subsection for a period of 2 years following the
6 revocation.

7 (5) The Comptroller may not exempt a person from posting a bond or
8 other security for the tobacco tax unless the Comptroller determines that the person
9 is solvent and financially able to pay the person's potential tobacco tax liability.

10 (6) If a corporation is granted an exemption from posting a bond or other
11 security for the tobacco tax, any officer of the corporation who exercises direct control
12 over its fiscal management is personally liable for any tobacco tax, interest and
13 penalties owed by the corporation.]

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2000.