

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1210 (Delegate Barve. *et al.*)

Environmental Matters

Sale, Offer for Sale, Manufacture, and Distribution of Flavored, Tobacco-Based Cigarettes

This bill prohibits the sale, offer for sale, manufacture, or distribution of flavored, tobacco-based cigarettes, including bidi cigarettes, in the State. Flavored, tobacco-based cigarettes do not include cigarettes using a mentholated filter. Violators are guilty of a misdemeanor and subject to a fine of \$500 for each flavored, tobacco-based cigarette sold, offered for sale, manufactured, or distributed.

Fiscal Summary

State Effect: Potential significant increase in general fund revenues due to the bill's penalty provision for those cases heard in District Court. Since up to 400 bidi cigarettes may come in a packet, the fine for the sale of one packet would be \$200,000. Minimal decrease in sales tax revenues. No effect on expenditures.

Local Effect: Potential significant increase in revenues due to the bill's penalty provision for those cases heard in the circuit courts. No effect on expenditures.

Small Business Effect: Minimal.

Analysis

Current Law: The sale of bidi cigarettes is not prohibited.

Background: Bidi cigarettes are small, hand-rolled, tobacco-filled, flavored cigarettes that are manufactured in India. They are sold in many convenience stores, gas stations, and

smoke shops. The U.S. Attorney General reports that bidi cigarettes contain more than three times the nicotine and five times the tar of a regular cigarette.

Bidi cigarettes are not currently regulated by either the federal or the State government. As a result, the packs seldom have the warning labels found on other tobacco products. In Maryland, bidi cigarettes are subject to the sales and use tax, but are not subject to the tobacco tax because they are not regulated as a tobacco product.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Alcohol and Tobacco Tax Division), Department of State Police, Department of Legislative Services

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jir/jr

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