

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 94 (Chairman. Economic Matters Committee)
(Departmental - Comptroller)
Economic Matters

Comptroller - Cigarette Dealers - Inspections

This departmental bill authorizes the Comptroller to inspect and search, without warrant and at all hours, any building, vehicle, and premises in which any cigarettes are authorized to be kept, transported, or sold under a license or permit. The bill also provides that any evidence discovered during an inspection shall be admissible in a prosecution of a violation. Finally, a person found guilty of violating the provisions of the bill is guilty of a misdemeanor and is subject to a fine of \$1,000 and imprisonment of two years.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: The bill's requirements could be handled with the existing resources of the Comptroller's Field Enforcement Division. Potential increase in cigarette tax revenue to the extent the bill results in more cigarettes being taxed. The criminal penalty provision of the bill is not expected to significantly affect State finances or operations.

Local Effect: The criminal penalty provision of the bill is not expected to significantly affect local finances or operations.

Small Business Effect: The Comptroller of the Treasury, Field Enforcement Division has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Current Law: The Comptroller does not have the authority to conduct inspections on the premises of licensed cigarette retailers.

Background: Cigarette taxes are paid by wholesalers of tobacco products, rather than by retailers. Because of this, the Comptroller is authorized to conduct inspections at tobacco wholesaler locations. The Comptroller advises that this bill is intended to clarify the legal basis for inspecting cigarettes on licensed retail dealer premises. A complete and accurate inspection requires that cigarettes in storage areas be checked to ensure that the tax has been paid as shown by the tax stamp. The sale of untaxed cigarettes puts legitimate businesses at an unfair disadvantage and also costs the State tax revenue. The authority granted to the Comptroller by the bill is the same authority that has been granted to the Comptroller in the area of alcoholic beverages (Article 2B, Section 16-405). The fine provided in the bill is also the same as provided in regards to alcoholic beverages (Article 2B, Section 16-503).

State Fiscal Effect: To the extent that the increased enforcement power granted by the bill results in more untaxed cigarettes being found by the Field Enforcement Division, general fund tax revenues would increase accordingly. The Department of Legislative Services does not have any information on which to base a reliable estimate of any increase at this time.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Field Enforcement Division), Office of the Public Defender, Maryland State's Attorney's Association, Department of Legislative Services

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