

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

Senate Bill 137 (Senator Hoffman)

Budget and Taxation

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**Sales and Use Tax - Tobacco Use Cessation Products**

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This bill specifies that nicotine patches, nicotine gum, or any other products intended for use as an aid in tobacco use cessation and approved by the United States Food and Drug Administration for that purpose are exempt from the sales and use tax.

The bill takes effect July 1, 2000.

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**Fiscal Summary**

**State Effect:** None. The Comptroller's Office has already deemed tobacco cessation products to be medicines, and hence exempt from the sales and use tax. This bill codifies the Comptroller's interpretation.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Under current law, medicines, including over-the-counter medicines, are exempt from the sales and use tax. The Comptroller's Office considers tobacco cessation products to be medicines, and hence exempt from the sales and use tax.

**Background:** Some retailers have apparently charged the sales tax on tobacco cessation products. In December 1999, the Comptroller's Office sent a letter to retailers selling tobacco cessation products to remind them that the products are exempt from the sales and

use tax.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 128 (Delegate Doory) - Ways and Means.

**Information Source(s):** Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - January 24, 2000

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