

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 128 (Delegate Doorv)

Ways and Means

Sales and Use Tax - Tobacco Use Cessation Products

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.

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.

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.

Additional Information

Prior Introductions: None.

Cross File: SB 137 (Senator Hoffman) - Budget and Taxation.

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

Fiscal Note History: First Reader - January 24, 2000

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