

SENATE BILL 327

Unofficial Copy
Q7

2001 Regular Session
(11r1334)

ENROLLED BILL
-- Budget and Taxation/Ways and Means --

Introduced by **Senators Hogan, Middleton, Lawlah, Currie, and Neall**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

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 2000 Supplement)

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

1 **Article - Tax - General**

2 12-303.

3 (b) The Comptroller shall allow a licensed wholesaler a discount of [0.82%]
4 ~~4.34%~~ 1.1% of the purchase price of tax stamps.

5 13-825.

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

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

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

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

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

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

14 [2.] (II) the amount, if any, by which the tobacco tax due for
15 any 1 month exceeds \$1,000.16 [(2)] Except as provided in paragraph (5) of this subsection, the
17 Comptroller may exempt a person from posting security for the tobacco tax if the
18 person is and has been for the past 5 years:19 (i) licensed as required under § 16-202 of the Business Regulation
20 Article to act as a wholesaler; and21 (ii) 1. in continuous compliance with the tobacco tax laws, as
22 determined under paragraph (3) of this subsection; and23 2. in continuous compliance with the conditions of the
24 person's security posted under this subsection.25 (3) For purposes of paragraph (2) of this subsection, a person is in
26 continuous compliance with the tobacco tax laws for a period if the person has not, at
27 any time during that period:28 (i) failed to pay any tobacco tax or any tobacco tax assessment
29 when due;

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

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

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

5 (ii) The Comptroller may revoke an exemption granted to a person
6 under paragraph (2) of this subsection if the person at any time fails to be in
7 continuous compliance with the tobacco tax laws, as described in paragraph (3) of this
8 subsection.

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

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

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

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 2001.