

SENATE BILL 327

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Q7  
SB 746/00 - B&T

2001 Regular Session  
11r1334  
CF 11r2338

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By: **Senators Hogan, Middleton, Lawlah, Currie, and Neall**  
Introduced and read first time: January 31, 2001  
Assigned to: Budget and Taxation

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A BILL ENTITLED

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:

16 **Article - Tax - General**

17 12-303.

18 (b) The Comptroller shall allow a licensed wholesaler a discount of [0.82%]  
19 1.31% of the purchase price of tax stamps.

20 13-825.

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

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

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

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

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

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

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

5 [(2) Except as provided in paragraph (5) of this subsection, the  
6 Comptroller may exempt a person from posting security for the tobacco tax if the  
7 person is and has been for the past 5 years:

8 (i) licensed as required under § 16-202 of the Business Regulation  
9 Article to act as a wholesaler; and

10 (ii) 1. in continuous compliance with the tobacco tax laws, as  
11 determined under paragraph (3) of this subsection; and

12 2. in continuous compliance with the conditions of the  
13 person's security posted under this subsection.

14 (3) For purposes of paragraph (2) of this subsection, a person is in  
15 continuous compliance with the tobacco tax laws for a period if the person has not, at  
16 any time during that period:

17 (i) failed to pay any tobacco tax or any tobacco tax assessment  
18 when due;

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

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

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

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

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

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

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

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