

HOUSE BILL 499

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HB 287/01 - ENV

2002 Regular Session  
2r1643

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By: **Delegates W. Baker, Cadden, Baldwin, Bohanan, Boutin, Cane, Conway,  
D'Amato, Eckardt, Glassman, Greenip, A. Jones, Kagan, Kelly, Linton,  
Malone, McKee, Mitchell, Rawlings, Rzepkowski, Stull, and Walkup**

Introduced and read first time: January 31, 2002

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Contraband Tobacco Products and Conveyances - Distribution of Sale**  
3 **Proceeds**

4 FOR the purpose of requiring the Comptroller to distribute revenue from sales of  
5 certain contraband tobacco products and conveyances to a certain fund;  
6 requiring the proceeds distributed to the fund to be used for certain purposes;  
7 repealing the authority of the Comptroller to sell contraband tobacco products to  
8 certain institutions or certain persons; prohibiting the Comptroller from selling  
9 contraband tobacco products until after a certain period; requiring the  
10 Comptroller to destroy a contraband tobacco product if the product is not sold  
11 within a certain period; and generally relating to the distribution of revenue  
12 from sales of certain contraband tobacco products and conveyances.

13 BY adding to  
14 Article - Tax - General  
15 Section 2-1604  
16 Annotated Code of Maryland  
17 (1997 Replacement Volume and 2001 Supplement)

18 BY repealing and reenacting, with amendments,  
19 Article - Tax - General  
20 Section 13-841  
21 Annotated Code of Maryland  
22 (1997 Replacement Volume and 2001 Supplement)

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

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**Article - Tax - General**

2 2-1604.

3 (A) THE COMPTROLLER SHALL DISTRIBUTE THE PROCEEDS FROM SALES OF  
4 CONTRABAND TOBACCO PRODUCTS AND CONVEYANCES UNDER § 13-841(B) OF THIS  
5 ARTICLE TO THE CIGARETTE RESTITUTION FUND ESTABLISHED UNDER § 7-317 OF  
6 THE STATE FINANCE AND PROCUREMENT ARTICLE.

7 (B) OF THE PROCEEDS DISTRIBUTED TO THE CIGARETTE RESTITUTION FUND  
8 UNDER SUBSECTION (A) OF THIS SECTION:

9 (1) 50% SHALL BE USED FOR THE YOUTH TOBACCO USE PREVENTION  
10 AND CESSATION PROGRAM ESTABLISHED UNDER § 13-1002 OF THE HEALTH -  
11 GENERAL ARTICLE; AND

12 (2) 50% SHALL BE USED FOR THE CANCER PREVENTION, EDUCATION,  
13 SCREENING, AND TREATMENT PROGRAM ESTABLISHED UNDER § 13-1120 OF THE  
14 HEALTH - GENERAL ARTICLE.

15 13-841.

16 (a) (1) Contraband alcoholic beverages that are seized under this title and  
17 forfeited may be disposed of or destroyed in the manner allowed under Article 2B, §  
18 1-201(f)(5) and (6) and (g) of the Code.

19 (2) The Comptroller shall sell at public auction a conveyance that is  
20 seized under this title in connection with contraband alcoholic beverages and  
21 forfeited.

22 (b) (1) The Comptroller shall sell contraband tobacco products seized under  
23 this title and forfeited to [a State institution, a nonprofit charitable institution, a  
24 licensed cigarette wholesaler, or] a licensed cigarette manufacturer in the manner the  
25 Comptroller determines.

26 (2) The Comptroller shall sell at public auction a conveyance that is  
27 seized under this title in connection with contraband tobacco products and forfeited.

28 (3) THE COMPTROLLER MAY NOT SELL ANY CONTRABAND TOBACCO  
29 PRODUCT SEIZED UNDER THIS TITLE UNTIL 1 YEAR AFTER OBTAINING POSSESSION  
30 OF THE CONTRABAND TOBACCO PRODUCT.

31 (4) IF THE COMPTROLLER IS NOT ABLE TO SELL A CONTRABAND  
32 TOBACCO PRODUCT SEIZED UNDER THIS TITLE WITHIN 18 MONTHS AFTER  
33 OBTAINING POSSESSION OF THE CONTRABAND TOBACCO PRODUCT, THE  
34 COMPTROLLER SHALL DESTROY THE UNSOLD CONTRABAND TOBACCO PRODUCT.

35 (c) (1) If either the Comptroller or, on appeal, a court determines that seized  
36 conveyance or motor fuel is not subject to forfeiture:

1 (i) the Comptroller is not required to return the motor fuel seized  
2 to the owner or other interested person who filed the claim for return of the property,  
3 but may, at the option of the Comptroller, pay to the person an amount equal to the  
4 value of the motor fuel as determined by the average wholesale value on the date of  
5 seizure for the Baltimore Terminal as reported by Platt's Oil-Gram on the date of  
6 seizure; and

7 (ii) the Comptroller shall return the conveyance to the registered  
8 owner and shall have no further liability to the registered owner.

9 (2) If a seized conveyance or motor fuel is forfeited, the Comptroller  
10 shall:

11 (i) 1. use the contraband motor fuel for any public purpose; or

12 2. sell the contraband motor fuel to any person; and

13 (ii) sell the seized conveyance to any person.

14 (d) In the manner required under Title 2 of this article for distributions of  
15 revenue, the Comptroller shall distribute the net proceeds from the sale of any  
16 conveyance or other property under this section after paying:

17 (1) the costs incurred in conjunction with the seizure and disposal of the  
18 property;

19 (2) the cost of the sale; and

20 (3) any bona fide lien against the conveyance.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 2002.