
By: **Senators Van Hollen and Hoffman and Senators Dorman, Forehand,
Frosh, Green, Hollinger, Kelley, McFadden, Pinsky, Ruben, and
Teitelbaum**

Introduced and read first time: January 28, 2002

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tobacco Tax - Rate**

3 FOR the purpose of altering the tobacco tax rate for cigarettes; altering a certain
4 discount provision under the tobacco tax; and generally relating to the tobacco
5 tax on cigarettes.

6 BY repealing and reenacting, with amendments,
7 Article - Tax - General
8 Section 12-105(a) and 12-303(b)
9 Annotated Code of Maryland
10 (1997 Replacement Volume and 2001 Supplement)

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

13 **Article - Tax - General**

14 12-105.

15 (a) The tobacco tax rate for cigarettes is:

16 (1) [33] 68 cents for each package of 10 or fewer cigarettes;

17 (2) [66 cents] \$1.36 for each package of at least 11 and not more than 20
18 cigarettes;

19 (3) [3.3] 6.8 cents for each cigarette in a package of more than 20
20 cigarettes; and

21 (4) [3.3] 6.8 cents for each cigarette in a package of free sample
22 cigarettes.

1 12-303.

2 (b) The Comptroller shall allow a licensed wholesaler a discount of [0.82%]
3 0.4% of the purchase price of tax stamps.

4 SECTION 2. AND BE IT FURTHER ENACTED, That all cigarettes used,
5 possessed, or held in the State on or after July 1, 2002 by any person for sale or use
6 in the State shall be subject to the full tobacco tax of \$1.36 on cigarettes imposed by
7 this Act. This requirement includes: (1) cigarettes in vending machines or other
8 mechanical dispensers; and (2) cigarettes (generally referred to as "floor stock") in
9 packages which already bear stamps issued by the Comptroller under the State
10 Tobacco Tax Act but for an amount less than the full tax imposed of 68 cents for each
11 10 cigarettes or fractional part thereof; all cigarettes held for sale by any person in
12 the State on or after July 1, 2002 that bear a tax stamp issued by the Comptroller of
13 a value less than \$1.36 for each pack of 20 cigarettes must be stamped with the
14 additional stamps necessary to make the aggregate value equal to \$1.36. In lieu of the
15 additional stamps necessary to make the aggregate tax value equal to \$1.36 the
16 Comptroller may provide an alternate method of collecting the additional tax. The
17 revenue attributable to this requirement shall be remitted to the Comptroller by
18 September 30, 2002. Except as provided above, on and after July 1, 2002, no
19 Maryland stamp shall be used except the stamp issued by the Comptroller to evidence
20 the tobacco tax on cigarettes of \$1.36 imposed by this Act.

21 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2002.