

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 886 (Delegate Cardin, *et al.*)
 Economic Matters

Cigarette Business Licenses - Fees

This bill raises the license fee for a cigarette manufacturer from \$25 to \$45; a cigarette retailer from \$30 to \$50; and a cigarette storage warehouse from \$25 to \$45.

Fiscal Summary

State Effect: General fund revenue increase of approximately \$157,900 in FY 2004. Future year increases reflect an increase in the number of manufacturers and retailer licenses issued.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	\$157,900	\$159,500	\$161,100	\$162,800	\$164,500
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$157,900	\$159,500	\$161,100	\$162,800	\$164,500

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The license fee for a cigarette manufacturer is \$25. A cigarette retailer license is \$30. The license fee for a cigarette storage warehouse is \$25.

Background: The Comptroller of Maryland issues several types of cigarette licenses: manufacturers, wholesalers, subwholesalers, vendors, and storage warehouse. The Clerks of the Court issue cigarette retailer licenses.

State Fiscal Effect: General fund revenues are expected to increase by \$157,860 in fiscal 2004 from the fee increases. **Exhibit 1** illustrates the estimated revenue generated from these licenses under current law and under the bill.

**Exhibit 1
Cigarette License Fees and Revenues**

<u>License Type</u>	<u>Number Issued</u>	<u>Current License</u>	<u>Revenue</u>	<u>HB 886 Fee</u>	<u>Revenue</u>	<u>Difference</u>
Manufacturer	14	\$25	\$350	\$45	\$630	\$280
Retailer	7,879	\$30	\$236,370	\$50	\$393,950	\$157,580
Storage Warehouse	0	\$25	\$0	\$45	\$0	\$0
Total			\$236,720		\$394,580	\$157,860

For future years, it is estimated that the three new manufacturers licenses will be issued each year, and the number of retailer licenses will increase by 1% annually.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office (Alcohol and Tobacco Tax Division), Department of Legislative Services

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