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By: **Senators Ruben, Forehand, Grosfeld, Jones, Pinsky, and Teitelbaum**  
Introduced and read first time: February 4, 2004  
Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Tobacco Tax - Rate**

3 FOR the purpose of altering the tobacco tax rate for cigarettes; providing for the  
4 application of this Act; and generally relating to the tobacco tax on cigarettes.

5 BY repealing and reenacting, with amendments,  
6 Article - Tax - General  
7 Section 12-105(a)  
8 Annotated Code of Maryland  
9 (1997 Replacement Volume and 2003 Supplement)

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

12 **Article - Tax - General**

13 12-105.

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

15 (1) [50] 75 cents for each package of 10 or fewer cigarettes;

16 (2) [\$1.00] \$1.50 for each package of at least 11 and not more than 20  
17 cigarettes;

18 (3) [5.0] 7.5 cents for each cigarette in a package of more than 20  
19 cigarettes; and

20 (4) [5.0] 7.5 cents for each cigarette in a package of free sample  
21 cigarettes.

22 SECTION 2. AND BE IT FURTHER ENACTED, That all cigarettes used,  
23 possessed, or held in the State on or after July 1, 2004, by any person for sale or use  
24 in the State, shall be subject to the full tobacco tax of \$1.50 on cigarettes imposed by  
25 this Act. This requirement includes: (1) cigarettes in vending machines or other  
26 mechanical dispensers; and (2) cigarettes (generally referred to as "floor stock") in

1 packages which already bear stamps issued by the Comptroller under the State  
2 Tobacco Tax Act but for an amount less than the full tax imposed of 75 cents for each  
3 10 cigarettes or fractional part thereof; all cigarettes held for sale by any person in  
4 the State on or after July 1, 2004, that bear a stamp issued by the Comptroller of a  
5 value less than \$1.50 for each pack of 20 cigarettes must be stamped with the  
6 additional stamps necessary to make the aggregate tax value equal to \$1.50. Instead  
7 of the additional stamps necessary to make the aggregate tax value equal to \$1.50,  
8 the Comptroller may provide an alternate method of collecting the additional tax. The  
9 revenue attributable to this requirement shall be remitted to the Comptroller by  
10 September 30, 2004. Except as provided above, on and after July 1, 2004, no  
11 Maryland stamp shall be used except the stamp issued by the Comptroller to evidence  
12 the tobacco tax on cigarettes of \$1.50 imposed by this Act.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 July 1, 2004.