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By: **Delegate Frush**

Introduced and read first time: February 23, 2005

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 14, 2005

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Committee Report: Favorable

House action: Adopted

Read second time: March 30, 2005

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Cigarettes - Direct Sales and Shipping**

3 FOR the purpose of prohibiting a person engaged in the business of selling or  
4 distributing cigarettes from selling, shipping, or causing to be shipped  
5 cigarettes, ordered or purchased by mail or through a computer, telephonic, or  
6 other electronic network by a consumer or other unlicensed recipient, directly to  
7 a consumer or other unlicensed recipient in this State; permitting a licensed  
8 retailer or an employee of a licensed retailer to deliver no more than a certain  
9 number of cartons of cigarettes directly to a consumer; establishing penalties for  
10 a violation of this Act by a licensee or other person engaged in the business of  
11 selling or distributing cigarettes; and generally relating to direct cigarette sales  
12 and shipping.

13 BY adding to  
14 Article - Business Regulation  
15 Section 16-223  
16 Annotated Code of Maryland  
17 (1998 Replacement Volume and 2004 Supplement)

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

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**Article - Business Regulation**

2 16-223.

3 (A) THIS SECTION APPLIES TO A PERSON WHO IS ENGAGED IN THE BUSINESS  
4 OF SELLING OR DISTRIBUTING CIGARETTES.

5 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A  
6 PERSON COVERED UNDER THIS SECTION MAY NOT:

7 (I) SELL OR SHIP CIGARETTES, ORDERED OR PURCHASED BY MAIL  
8 OR THROUGH A COMPUTER NETWORK, TELEPHONIC NETWORK, OR OTHER  
9 ELECTRONIC NETWORK BY A CONSUMER OR OTHER UNLICENSED RECIPIENT,  
10 DIRECTLY TO A CONSUMER OR OTHER UNLICENSED RECIPIENT IN THIS STATE; OR

11 (II) CAUSE CIGARETTES, ORDERED OR PURCHASED BY MAIL OR  
12 THROUGH A COMPUTER NETWORK, TELEPHONIC NETWORK, OR OTHER ELECTRONIC  
13 NETWORK BY A CONSUMER OR OTHER UNLICENSED RECIPIENT, TO BE SHIPPED  
14 DIRECTLY TO A CONSUMER OR OTHER UNLICENSED RECIPIENT IN THIS STATE.

15 (2) A LICENSED RETAILER MAY DELIVER NO MORE THAN TWO CARTONS  
16 OF CIGARETTES DIRECTLY TO A CONSUMER IF THE DELIVERY IS MADE BY THE  
17 LICENSED RETAILER OR AN EMPLOYEE OF THE LICENSED RETAILER.

18 (C) (1) A LICENSEE WHO SELLS OR SHIPS CIGARETTES IN VIOLATION OF  
19 THIS SECTION OR CAUSES CIGARETTES TO BE SHIPPED IN VIOLATION OF THIS  
20 SECTION IS SUBJECT TO:

21 (I) DISCIPLINE BY THE COMPTROLLER UNDER § 16-210 OF THIS  
22 SUBTITLE; AND

23 (II) THE PENALTY SPECIFIED UNDER § 13-1015 OF THE TAX -  
24 GENERAL ARTICLE.

25 (2) A PERSON OTHER THAN A LICENSEE WHO SELLS OR SHIPS  
26 CIGARETTES IN VIOLATION OF THIS SECTION OR CAUSES CIGARETTES TO BE  
27 SHIPPED IN VIOLATION OF THIS SECTION IS SUBJECT TO THE PENALTY SPECIFIED  
28 UNDER § 13-1015 OF THE TAX - GENERAL ARTICLE.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 October 1, 2005.

