
By: **Chairman, Finance Committee (By Request - Departmental -
Comptroller)**

Introduced and read first time: January 18, 2005

Rules suspended

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 8, 2005

CHAPTER _____

1 AN ACT concerning

2 **Business Regulation - Cigarette Licenses - Storage Warehouse**

3 FOR the purpose of expanding the authority of a cigarette storage warehouse
4 licensee, a subwholesaler licensee, and a wholesaler licensee with regard to the
5 storage of cigarettes; providing that the tobacco tax does not apply to cigarettes
6 or other tobacco products that a licensed storage warehouse stores on behalf of a
7 licensed cigarette manufacturer; authorizing the Comptroller to adopt certain
8 regulations; and generally relating to cigarette licensees and cigarette storage
9 warehouse licenses.

10 ~~BY adding to~~
11 ~~Article - Business Regulation~~
12 ~~Section 16-101(f) and (g) and 16-218(d)~~
13 ~~Annotated Code of Maryland~~
14 ~~(2004 Replacement Volume)~~

15 BY repealing and reenacting, with amendments,
16 Article - Business Regulation
17 Section ~~16-203(b) and 16-206(e)~~ 16-206
18 Annotated Code of Maryland
19 (2004 Replacement Volume)

20 BY repealing and reenacting, with amendments,
21 Article - Tax - General

1 Section 12-104(b)
2 Annotated Code of Maryland
3 (2004 Replacement Volume)

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

6 **Article - Business Regulation**

7 ~~46-101.~~

8 (F) ~~"STAMPED CIGARETTES" MEANS ANY PACK OF CIGARETTES BEARING THE~~
9 ~~CIGARETTE STAMP ISSUED BY THE STATE COMPTROLLER.~~

10 (G) (1) ~~"UNSTAMPED CIGARETTES" MEANS ANY PACK OF CIGARETTES THAT~~
11 ~~DOES NOT BEAR THE STAMP ISSUED BY THE STATE COMPTROLLER.~~

12 (2) ~~"UNSTAMPED CIGARETTES" INCLUDES CIGARETTES THAT BEAR~~
13 ~~STAMPS ISSUED BY OTHER STATES.~~

14 ~~46-203.~~

15 (b) ~~An applicant for a license to act as a storage warehouse shall maintain an~~
16 ~~established place of business for the storage of STAMPED AND unstamped cigarettes.~~
17 ~~46-206.~~

18 (c) ~~A storage warehouse license authorizes the licensee to operate a storage~~
19 ~~facility in Maryland for the purpose of storing STAMPED AND unstamped cigarettes on~~
20 ~~behalf of [a] licensed cigarette [manufacturer] MANUFACTURERS, LICENSED~~
21 ~~CIGARETTE SUBWHOLESALEERS, AND LICENSED CIGARETTE WHOLESALERS.~~

22 ~~16-206.~~

23 (a) A manufacturer license authorizes the licensee to:

24 (1) sell unstamped cigarettes to a licensed cigarette wholesaler located in
25 Maryland;

26 (2) except as otherwise prohibited or restricted under local law, this
27 article, or the Criminal Law Article, distribute sample cigarettes to consumers located
28 in Maryland;

29 (3) store unstamped cigarettes in a licensed cigarette storage warehouse
30 for subsequent shipment to licensed wholesalers, federal reservations, or persons out
31 of state; and

32 (4) upon approval of the Comptroller, act as an agent of a Maryland
33 licensed wholesaler for stamping and distribution of cigarettes.

1 (b) A retailer license authorizes the licensee to:

2 (1) act as a retailer; and

3 (2) buy stamped cigarettes from a subwholesaler or wholesaler.

4 (c) (1) A storage warehouse license authorizes the licensee to operate a
5 storage facility in Maryland for the purpose of storing unstamped cigarettes on behalf
6 of a licensed cigarette manufacturer.

7 (2) IF A STORAGE WAREHOUSE LICENSEE IS A LICENSED CIGARETTE
8 WHOLESALE OR LICENSED CIGARETTE SUBWHOLESALE, THE STORAGE
9 WAREHOUSE LICENSE AUTHORIZES THE HOLDER TO STORE STAMPED CIGARETTES
10 AND CIGARETTES WITH ANOTHER STATE'S TAX STAMP.

11 (d) A subwholesaler license authorizes the licensee to:

12 (1) act as a subwholesaler; [and]

13 (2) buy stamped cigarettes from a wholesaler or another subwholesaler;

14 AND

15 (3) STORE STAMPED CIGARETTES AND CIGARETTES WITH ANOTHER
16 STATE'S TAX STAMP AT A LICENSED CIGARETTE STORAGE FACILITY.

17 (e) A vending machine operator license authorizes the licensee to:

18 (1) act as a vending machine operator; and

19 (2) buy stamped cigarettes from a subwholesaler or wholesaler.

20 (f) A wholesaler license authorizes the licensee to:

21 (1) act as a wholesaler;

22 (2) buy unstamped cigarettes directly from a cigarette manufacturer;

23 (3) hold unstamped cigarettes;

24 (4) buy tobacco tax stamps as authorized by § 12-303 of the Tax -
25 General Article;

26 (5) transport unstamped cigarettes in the State;

27 (6) sell unstamped cigarettes to another licensed wholesaler if the
28 Comptroller specifically authorizes; [and]

29 (7) upon approval of the Comptroller, designate a licensed manufacturer
30 to act as its agent for the stamping and distribution of cigarettes; AND

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