

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 76

(Chairman, Finance Committee)

(By Request – Departmental – Comptroller)

Finance

Economic Matters

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

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This departmental bill allows a licensed cigarette storage warehouse to store cigarettes bearing a tax stamp issued by another state provided the licensee is also a licensed wholesaler or subwholesaler.

The bill also clarifies that the tobacco tax does not apply to cigarettes or other tobacco products that are held in a licensed storage warehouse on behalf of a licensed cigarette manufacturer.

The bill takes effect June 1, 2005.

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**Fiscal Summary**

**State Effect:** Because it is assumed that the bill would apply in a limited number of cases, State finances should not be affected.

**Local Effect:** None.

**Small Business Effect:** The Comptroller's Office has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. The attached assessment does not reflect amendments to the bill.

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## Analysis

**Current Law:** Licensed cigarette storage warehouses can store unstamped cigarettes on behalf of a licensed cigarette manufacturer.

A subwholesaler license authorizes the licensee to act as a subwholesaler and to buy stamped cigarettes from a wholesaler or another subwholesaler.

A wholesale license authorizes the licensee to: (1) act as a wholesaler; (2) buy unstamped cigarettes directly from a cigarette manufacturer; (3) hold unstamped cigarettes; (4) buy tobacco stamps as authorized under Section 12-303 of the Tax – General Article; (5) transport unstamped cigarettes in the State; (6) sell unstamped cigarettes to another licensed wholesaler if the Comptroller specifically authorizes; and (7) upon approval from the Comptroller designate a manufacturer to act as its agent for the stamping and distribution of cigarettes.

**State Fiscal Effect:** In order to operate as a licensed cigarette warehouse operator, a licensee must pay the State a \$25 annual fee. To the extent that the additional authority granted to licensed cigarette warehouses who are also either a licensed wholesaler or subwholesaler increases the number of operators, State general funds would increase by \$25 per licensee. The Comptroller's Office advises that one business is interested in operating as a licensed cigarette warehouse operator if the provisions of this bill are approved.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - January 25, 2005  
mam/ljm Revised - Senate Third Reader - March 17, 2005

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