

# HOUSE BILL 1259

Q4

8lr1021

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By: **Delegates Ross, Barnes, Kaiser, and Niemann**

Introduced and read first time: February 8, 2008

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Tobacco Tax – Tax Stamps**

3 FOR the purpose of requiring the tobacco tax stamps that are required to be affixed to  
4 certain cigarettes to be capable of being read by certain technology and  
5 encrypted with certain information; providing for a delayed effective date; and  
6 generally relating to tobacco tax stamps.

7 BY repealing and reenacting, without amendments,  
8 Article – Tax – General  
9 Section 12–101(e)  
10 Annotated Code of Maryland  
11 (2004 Replacement Volume and 2007 Supplement)

12 BY repealing and reenacting, with amendments,  
13 Article – Tax – General  
14 Section 12–304  
15 Annotated Code of Maryland  
16 (2004 Replacement Volume and 2007 Supplement)

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

19 **Article – Tax – General**

20 12–101.

21 (e) “Tax stamp” means a device in the design and denomination that the  
22 Comptroller authorizes by regulation for the purpose of being affixed to a package of  
23 cigarettes as evidence that the tobacco tax is paid.

24 12–304.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) A manufacturer that pays the tobacco tax shall indicate prominently on  
2 each package of cigarettes that:

3 (1) the package contains sample cigarettes that are not for sale; and

4 (2) all applicable tobacco taxes on those cigarettes have been paid.

5 (b) (1) Except as provided in subsection (c) of this section, within 72 hours  
6 after receiving cigarettes in the State and before selling or attempting to sell the  
7 cigarettes, a licensed wholesaler who first possesses the cigarettes shall affix, to the  
8 smallest cigarette package, tax stamps:

9 (i) in a total amount that at least equals the tobacco tax due on  
10 the number of cigarettes in the package; and

11 (ii) **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION**, in  
12 the manner that the Comptroller requires, including placing the tax stamps on the  
13 cigarette package so that the stamps are visible to a buyer.

14 **(2) THE TAX STAMPS SHALL BE GENERATED BY A TECHNOLOGY**  
15 **CAPABLE OF BEING READ BY A SCANNING OR SIMILAR DEVICE AND ENCRYPTED**  
16 **WITH THE FOLLOWING INFORMATION:**

17 **(I) THE NAME AND ADDRESS OF THE DISTRIBUTOR**  
18 **AFFIXING THE STAMP;**

19 **(II) THE DATE THE STAMP WAS AFFIXED;**

20 **(III) THE DENOMINATED VALUE OF THE STAMP; AND**

21 **(IV) ANY OTHER INFORMATION THAT MAY BE REQUIRED BY**  
22 **THE COMPTROLLER.**

23 ~~[(2)]~~ **(3)** If a tax stamp has been affixed to a package of cigarettes, a  
24 person may not affix the same tax stamp to another package of cigarettes.

25 (c) A licensed wholesaler is not required to affix tax stamps to:

26 (1) sample cigarettes if the cigarette package is marked in accordance  
27 with subsection (a) of this section; or

28 (2) cigarettes that are segregated or marked to indicate that the  
29 cigarettes:

30 (i) were received within the immediately preceding 72 hours; or

1                           (ii)    are being held for a sale or use that is exempt under this  
2 title.

3           (d)   (1)    Except as provided in subsection (c)(2) of this section, a rebuttable  
4 presumption exists that any unstamped cigarettes in the possession of a licensed  
5 wholesaler are possessed in violation of this title.

6                           (2)    The licensed wholesaler who possesses unstamped cigarettes has  
7 the burden of proving that the cigarettes are not possessed in violation of this title.

8           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 2010.