

SENATE BILL 1059

C2

9lr0027

By: **Chair, Finance Committee (By Request – Departmental – Comptroller)**
Constitutional Requirements Complied with for Introduction in the last 35 Days of
Session
Introduced and read first time: March 13, 2009
Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Cigarette Business Licenses – Cigarette Manufacturers – Definitions and**
3 **Scope of License**

4 FOR the purpose of altering the definition of “manufacturer” in connection with the
5 licensing of cigarette businesses and certain cigarette safety standards to
6 include certain persons who operate cigarette manufacturing plants outside the
7 United States and certain participating manufacturers; providing that a
8 cigarette manufacturer license authorizes the licensee to sell certain unstamped
9 cigarettes to certain cigarette wholesalers located outside of Maryland under
10 certain circumstances; defining a certain term; and generally relating to
11 cigarette manufacturers and the licensing of cigarette businesses.

12 BY repealing and reenacting, with amendments,
13 Article – Business Regulation
14 Section 16–201, 16–206(a), and 16–601(d)
15 Annotated Code of Maryland
16 (2004 Replacement Volume and 2008 Supplement)

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

19 **Article – Business Regulation**

20 16–201.

21 (a) In this subtitle the following words have the meanings indicated.

22 (b) “License” means:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) a license issued by the Comptroller under § 16–205(a) of this
2 subtitle to:

- 3 (i) act as a manufacturer;
- 4 (ii) act as a subwholesaler;
- 5 (iii) act as a vending machine operator;
- 6 (iv) act as a wholesaler; or
- 7 (v) act as a storage warehouse; or

8 (2) a license issued by the clerk under § 16–205(b) of this subtitle to
9 act as a retailer.

10 (c) “Licensed manufacturer” means a person licensed by the Comptroller
11 under § 16–205(a) of this subtitle to act as a manufacturer.

12 (d) “Licensed retailer” means a person licensed by the clerk under §
13 16–205(b) of this subtitle to act as a retailer.

14 (e) “Licensed storage warehouse” means a facility licensed by the
15 Comptroller under § 16–205(a) of this subtitle to act as a storage warehouse.

16 (f) “Licensed subwholesaler” means a person licensed by the Comptroller
17 under § 16–205(a) of this subtitle to act as a subwholesaler.

18 (g) “Licensed vending machine operator” means a person licensed by the
19 Comptroller under § 16–205(a) of this subtitle to act as a vending machine operator.

20 (h) “Licensed wholesaler” means a person licensed by the Comptroller under
21 § 16–205(a) of this subtitle to act as a wholesaler.

22 (i) “Manufacturer” means a person who:

23 (1) (I) operates one or more cigarette manufacturing plants [within
24 the United States]; **OR**

25 (II) **IS A PARTICIPATING MANUFACTURER;** and

26 (2) (i) sells unstamped cigarettes to a licensed cigarette wholesaler
27 located in Maryland;

1 (ii) SELLS UNSTAMPED CIGARETTES THAT MAY LAWFULLY
2 BE SOLD IN MARYLAND TO A LICENSED CIGARETTE WHOLESALER LOCATED
3 OUTSIDE OF MARYLAND;

4 (III) unless otherwise prohibited or restricted under local law,
5 this article, or the Criminal Law Article, distributes sample cigarettes to consumers
6 located in Maryland; or

7 [(iii)] (IV) stores unstamped cigarettes in a cigarette storage
8 warehouse in Maryland for subsequent shipment to licensed wholesalers, federal
9 reservations, or persons out of state.

10 (J) “PARTICIPATING MANUFACTURER” HAS THE MEANING STATED IN §
11 16-501 OF THIS TITLE.

12 [(j)] (K) “Retailer” means a person who:

13 (1) sells cigarettes to consumers through vending machines on fewer
14 than 40 premises;

15 (2) otherwise sells cigarettes to consumers; or

16 (3) holds cigarettes for sale to consumers.

17 [(k)] (L) “Stamped cigarettes” means a package of cigarettes to which
18 tobacco tax stamps are affixed in the amount and manner required by § 12-304 of the
19 Tax – General Article.

20 [(l)] (M) “Storage warehouse” means a storage facility in Maryland operated
21 for the purpose of storing unstamped cigarettes on behalf of a licensed cigarette
22 manufacturer.

23 [(m)] (N) (1) “Subwholesaler” means a person who:

24 (i) holds stamped cigarettes for sale to another person for
25 resale; or

26 (ii) sells stamped cigarettes to another person for resale.

27 (2) “Subwholesaler” does not include a person who sells unstamped
28 cigarettes or holds unstamped cigarettes for sale.

29 [(n)] (O) “Unstamped cigarettes” means a package of cigarettes to which
30 tobacco tax stamps are not affixed in the amount and manner required by § 12-304 of
31 the Tax – General Article.

1 [(o)] (P) “Vending machine operator” means a person who:

2 (1) holds cigarettes for sale to consumers through vending machines
3 on 40 or more premises; or

4 (2) sells cigarettes to consumers through vending machines on 40 or
5 more premises.

6 [(p)] (Q) “Wholesaler” means a person who:

7 (1) holds cigarettes for sale to another person for resale; or

8 (2) sells cigarettes to another person for resale.

9 16–206.

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

11 (1) sell unstamped cigarettes to:

12 (I) a licensed cigarette wholesaler located in Maryland; **AND**

13 (II) **A LICENSED CIGARETTE WHOLESALER LOCATED**
14 **OUTSIDE OF MARYLAND IF THE UNSTAMPED CIGARETTES MAY LAWFULLY BE**
15 **SOLD IN MARYLAND;**

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

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

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

24 16–601.

25 (d) “Manufacturer” [means:

26 (1) a person that manufactures or otherwise produces, or causes to be
27 manufactured or produced, cigarettes intended for sale in this State, including
28 cigarettes intended for sale in the United States through an importer;

1 (2) the first purchaser anywhere that intends to resell in the United
2 States cigarettes that the original manufacturer or maker does not intend for sale in
3 the United States; or

4 (3) a person that is a successor of a person listed in item (1) or (2) of
5 this subsection] **HAS THE MEANING STATED IN § 16-201 OF THIS TITLE.**

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 2009.