

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE

House Bill 1415 (Delegate Morhaim)
 Economic Matters

Tobacco Products - Manufacturer Certification - Filing Fee

This bill requires tobacco product manufacturers to pay an annual certification filing fee of \$1,000 if they sell cigarettes in the State through a distributor, retailer, or other intermediary.

Fiscal Summary

State Effect: General fund revenues increase by \$20,000 annually beginning in FY 2011 due to the collection of filing fees from an estimated 20 tobacco product manufacturers each year. Expenditures are not affected.

| (in dollars) | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|--------------|----------|----------|----------|----------|----------|
| GF Revenue | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| Expenditure | 0 | 0 | 0 | 0 | 0 |
| Net Effect | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Tobacco product manufacturers whose cigarettes are sold in the State must submit specified certifications, reports, and notices to the Attorney General by April 30 of each year. The Attorney General maintains a directory of tobacco product manufacturers and the brand families that are approved for sale. Cigarettes not in the directory may not be imported into the State or stamped or sold in the State. The Comptroller may impose civil or regulatory penalties on persons who sell unapproved cigarettes.

State Fiscal Effect: The Office of the Attorney General (OAG) advises that in 2009 there were 27 certified manufacturers in the State. The Comptroller's Office advises that four manufacturers do not currently sell cigarettes in the State, and three others have limited sales in Maryland. Due to the \$1,000 certification filing fee required by the bill, these seven manufacturers are not expected to recertify in fiscal 2011. Legislative Services assumes that 20 tobacco product manufacturers pay the certification filing fee in fiscal 2011 and future years so that they may sell cigarettes to distributors, retailers, or other intermediaries in the State. Therefore, general fund revenues increase by \$20,000 annually beginning in fiscal 2011 due to the collection of additional fee revenue by OAG.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Office of the Attorney General, Department of Legislative Services

Fiscal Note History: First Reader - March 22, 2010
mpc/ljm

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