

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE

House Bill 327 (Delegates Morhaim and Barnes)
 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 2012 due to the collection of filing fees from an estimated 20 tobacco product manufacturers each year. Expenditures are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
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 Office of the Attorney General (OAG) 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: OAG advises that in 2010 there were 22 certified manufacturers in the State. According to OAG, two of these manufacturers have limited sales in the State and are not expected to recertify in fiscal 2012. Legislative Services assumes that 20 tobacco product manufacturers pay the certification filing fee in fiscal 2012 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 2012 due to the collection of additional fee revenue by OAG.

Additional Information

Prior Introductions: HB 1415 of 2010 received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

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

Fiscal Note History: First Reader - February 10, 2011
mc/ljm

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