

SENATE BILL 120

Q7

2lr0081
CF 2lr0103

By: **Chair, Budget and Taxation Committee (By Request – Departmental – Comptroller)**

Introduced and read first time: January 18, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tobacco Products – Tobacco Tax – Exemptions and Penalties**

3 FOR the purpose of altering certain exemptions from the tobacco tax for cigarettes and
4 other tobacco products brought into the State by certain consumers;
5 establishing certain mandatory fines for first and subsequent violations for a
6 person who willfully ships, imports, sells into or within, or transports within the
7 State cigarettes or other tobacco products on which the tobacco tax has not been
8 paid; establishing additional penalties of terms of imprisonment for first and
9 subsequent violations for a person who willfully ships, imports, sells into or
10 within, or transports within the State cigarettes or other tobacco products on
11 which the tobacco tax has not been paid; and generally relating to the tobacco
12 tax on cigarettes and other tobacco products.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 12–104 and 13–1015
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2011 Supplement)

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

20 **Article – Tax – General**

21 12–104.

22 (a) “Consumer” means a person who possesses cigarettes or other tobacco
23 products for a purpose other than selling or transporting the cigarettes or other
24 tobacco products.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) The tobacco tax does not apply to:

2 (1) cigarettes that a licensed wholesaler under Title 16 of the Business
3 Regulation Article is holding for sale outside the State or to a United States armed
4 forces exchange or commissary;

5 (2) other tobacco products that an other tobacco products wholesaler
6 licensed under Title 16.5 of the Business Regulation Article is holding for sale outside
7 the State or to a United States armed forces exchange or commissary; or

8 (3) cigarettes or other tobacco products that:

9 (i) a consumer brings into the State:

10 1. if the quantity brought from another state does not
11 exceed[:

12 A. for a nonresident consumer traveling through this
13 State,] other tobacco products having a retail value of [~~\$25~~] **\$50** or 1 carton of
14 cigarettes; or

15 [B. for any other consumer, other tobacco products having
16 a retail value of \$5 or 2 packages of cigarettes; or]

17 2. if the quantity brought from a United States armed
18 forces installation or reservation does not exceed:

19 A. for a consumer who is a member of an armed forces
20 unit or who is entitled by law to make a purchase at an armed forces exchange, other
21 tobacco products having a retail value of [~~\$50~~] **\$100** or 2 cartons of cigarettes; or

22 B. for any other consumer, other tobacco products having
23 a retail value of [~~\$5~~] **\$50** or [~~2 packages~~] **1 CARTON** of cigarettes that were bought at
24 an armed forces exchange or commissary;

25 (ii) a person is transporting by vehicle in the State if the person
26 has, in the vehicle, the records required by § 16–219 or § 16.5–215 of the Business
27 Regulation Article for the transportation of cigarettes or other tobacco products; or

28 (iii) are held in storage in a licensed storage warehouse on behalf
29 of a licensed cigarette manufacturer or an other tobacco products manufacturer.

30 13–1015.

31 (A) A person who willfully ships, imports, sells into or within, or transports
32 within, this State cigarettes or other tobacco products on which the tobacco tax has not

1 been paid in violation of Title 12 of this article or § 16–219, § 16–222, § 16.5–215, or §
2 16.5–216 of the Business Regulation Article is guilty of a felony and, on conviction, is
3 subject to [a fine not exceeding \$50] **THE PENALTIES SET FORTH IN SUBSECTIONS**
4 **(B) AND (C) OF THIS SECTION.**

5 **(B) (1) FOR A FIRST VIOLATION, A PERSON IS SUBJECT TO A**
6 **MANDATORY FINE OF \$150** for each carton of cigarettes or each package of other
7 tobacco products transported [or imprisonment not exceeding 2 years or both].

8 **(2) FOR EACH SUBSEQUENT VIOLATION, A PERSON IS SUBJECT TO**
9 **A MANDATORY FINE OF \$300 FOR EACH CARTON OF CIGARETTES OR EACH**
10 **PACKAGE OF OTHER TOBACCO PRODUCTS TRANSPORTED.**

11 **(C) IN ADDITION TO THE MANDATORY FINE SET FORTH IN SUBSECTION**
12 **(B) OF THIS SECTION, THE FOLLOWING ADDITIONAL PENALTIES MAY BE**
13 **IMPOSED:**

14 **(1) FOR A FIRST VIOLATION, IMPRISONMENT NOT EXCEEDING 2**
15 **YEARS; AND**

16 **(2) FOR EACH SUBSEQUENT VIOLATION, IMPRISONMENT NOT**
17 **EXCEEDING 5 YEARS.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2012.