

# SENATE BILL 69

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(PRE-FILED)

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

Requested: October 16, 2012

Introduced and read first time: January 9, 2013

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 12, 2013

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CHAPTER \_\_\_\_\_

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 penalties of terms of imprisonment for first and subsequent  
9 violations for a person who willfully ships, imports, sells into or within, or  
10 transports within the State cigarettes or other tobacco products on which the  
11 tobacco tax has not been paid; and generally relating to the tobacco tax on  
12 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 2012 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**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 12-104.

2 (a) "Consumer" means a person who possesses cigarettes or other tobacco  
3 products for a purpose other than selling or transporting the cigarettes or other  
4 tobacco products.

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

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

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

12 (3) cigarettes or other tobacco products that:

13 (i) a consumer brings into the State:

14 1. if the quantity brought from another state does not  
15 exceed[:

16 A. for a nonresident consumer traveling through this  
17 State,] other tobacco products having a retail value of ~~[\$25] \$50 or 1 carton~~ \$100 OR  
18 5 CARTONS of cigarettes; or

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

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

23 ~~A. for a consumer who is a member of an armed forces~~  
24 ~~unit or who is entitled by law to make a purchase at an armed forces exchange,~~ other  
25 tobacco products having a retail value of ~~[\$50] \$100 or 2~~ 5 cartons of cigarettes; ~~or~~

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

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

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

3 13-1015.

4 (A) A person who willfully ships, imports, sells into or within, or transports  
5 within, this State cigarettes or other tobacco products on which the tobacco tax has not  
6 been paid in violation of Title 12 of this article or § 16-219, § 16-222, § 16.5-215, or §  
7 16.5-216 of the Business Regulation Article is guilty of a felony and, on conviction, is  
8 subject to [a fine not exceeding \$50] **THE PENALTIES SET FORTH IN SUBSECTIONS**  
9 **(B) AND (C) OF THIS SECTION.**

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

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

16 (C) **IN ADDITION TO THE MANDATORY FINE SET FORTH IN SUBSECTION**  
17 **(B) OF THIS SECTION, FOR A FIRST OR SUBSEQUENT VIOLATION, A PERSON MAY**  
18 **BE SUBJECT TO IMPRISONMENT NOT EXCEEDING 2 YEARS.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 October 1, 2013.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.