

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 98

(Senator Klausmeier)

Finance

Economic Matters

**Business Regulation - Other Tobacco Products - Wholesalers - License Fee
Exception for Cigarette Subwholesalers**

This bill exempts a licensed cigarette subwholesaler from having to pay a fee of \$250 to the Comptroller in application for a license to act as a wholesaler of other tobacco products (OTPs).

Fiscal Summary

State Effect: General fund revenues decrease minimally – by as much as \$9,250 annually – beginning in FY 2014 due to decreased fees paid by licensed OTP wholesalers that are also licensed as cigarette subwholesalers.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: In general, an applicant for a license to act as an OTP wholesaler must submit to the Comptroller an application and a \$250 fee. However, a licensed cigarette wholesaler is not required to pay the fee. “OTPs” are cigars or any rolled tobacco (other than a cigarette) that is intended for consumption either by smoking, chewing, or as snuff.

A “subwholesaler” is a person who either holds stamped cigarettes for sale to another person for resale or sells stamped cigarettes to another person for resale. “Stamped cigarettes” are packages of cigarettes to which tobacco tax stamps are affixed in the amount and manner required by the Tax-General Article. A “wholesaler” is a person who either holds cigarettes (whether stamped or unstamped) for sale to another person for resale or sells cigarettes to another person for resale.

The fee to become licensed as a cigarette subwholesaler is \$500 per year, while the fee to become licensed as a cigarette wholesaler is \$750 per year.

State Revenues: The Comptroller's Office advises that there are 37 licensed cigarette subwholesalers in the State and that most, if not all, of them are also licensed as OTP wholesalers. Thus, general fund revenues decrease by, at most, \$9,250 annually beginning in fiscal 2014 due to decreased fees paid by licensed OTP wholesalers that are also licensed as cigarette subwholesalers.

Additional Information

Prior Introductions: None.

Cross File: HB 182 (Delegate Kramer) - Economic Matters.

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

Fiscal Note History: First Reader - January 22, 2013
mc/ljm

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