

SENATE BILL 826

Q7

9lr2547

By: **Senator Serafini**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tobacco Tax – Premium Cigars – Exemption**

3 FOR the purpose of exempting certain premium cigars from the tobacco tax; making
4 conforming changes; and generally relating to the tobacco tax imposed on premium
5 cigars.

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 12–104 and 12–105(b)
9 Annotated Code of Maryland
10 (2016 Replacement Volume and 2018 Supplement)

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

13 **Article – Tax – General**

14 12–104.

15 (a) **(1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
16 **INDICATED.**

17 **(2)** “Consumer” means a person who possesses cigarettes or other tobacco
18 products for a purpose other than selling or transporting the cigarettes or other tobacco
19 products.

20 **(3) “PREMIUM CIGARS” HAS THE MEANING STATED IN § 16.5–101 OF**
21 **THE BUSINESS REGULATION ARTICLE.**

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

7 (3) cigarettes or other tobacco products that:

8 (i) a consumer brings into the State:

9 1. if the quantity brought from another state does not exceed
10 other tobacco products having a retail value of \$100 or 5 cartons of cigarettes; or

11 2. if the quantity brought from a United States armed forces
12 installation or reservation does not exceed other tobacco products having a retail value of
13 \$100 or 5 cartons of cigarettes;

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

17 (iii) are held in storage in a licensed storage warehouse on behalf of
18 a licensed cigarette manufacturer or another tobacco products manufacturer; **OR**

19 **(4) PREMIUM CIGARS THAT ARE TO BE SOLD IN THE STATE.**

20 12–105.

21 (b) (1) Except as provided in paragraph (2) of this subsection, the tobacco tax
22 rate for other tobacco products is 30% of the wholesale price of the tobacco products.

23 (2) [(i) In this paragraph, “premium cigars” has the meaning stated in §
24 16.5–101 of the Business Regulation Article.

25 (ii) Except as provided in subparagraph (iii) of this paragraph, the]
26 **THE** tobacco tax rate for cigars is 70% of the wholesale price of the cigars.

27 [(iii) The tobacco tax rate for premium cigars is 15% of the wholesale
28 price of the premium cigars.]

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
30 1, 2019.