

HB0732/915466/2

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL 732

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “applying” in line 4 down through “devices;” in line 6; in line 10, after “activities;” insert “establishing a certain sales and use tax rate for open electronic smoking devices;”; strike beginning with “imposing” in line 11 down through “devices;” in line 18; strike beginning with “setting” in line 19 down through “devices;” in line 23; in line 24, strike “cigarettes,” and substitute “cigarettes or”; in line 25, strike “, and electronic smoking devices”; in line 26, strike “cigarettes,” and substitute “cigarettes or”; and in the same line, strike “, and electronic smoking devices”.

On pages 1 and 2, strike beginning with “making” in line 27 on page 1 through “date” in line 2 on page 2 and substitute “providing that all cigarettes or other tobacco products used, possessed, or held in the State on or after certain dates”.

On page 2, in line 5, after “date;” insert “requiring the Comptroller to distribute certain revenue attributable to certain taxes to The Blueprint for Maryland’s Future Fund;”; in line 7, after “changes;” insert “providing for the termination of certain provisions of this Act; providing for a delayed effective date for certain provisions of this Act;”; after line 18, insert:

“BY repealing and reenacting, without amendments,

Article - Education

Section 5-219(b)

Annotated Code of Maryland

(2018 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article - Education

(Over)

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Section 5-219(f)
Annotated Code of Maryland
(2018 Replacement Volume and 2019 Supplement)”;

strike beginning with “12–101” in line 26 down through “13–1015” in line 27 and substitute “2–1303(a), 12–101, 12–102, 12–105, 12–201, and 12–302”; after line 29, insert:

“BY adding to
Article - Tax - General
Section 2-1602.1 and 11-104(j)
Annotated Code of Maryland
(2016 Replacement Volume and 2019 Supplement)”;

and in line 32, strike “13–834(a) and 13–836(a)(1)” and substitute “12–102”.

AMENDMENT NO. 2

On page 5, after line 19, insert:

“Article – Education

5–219.

(b) There is The Blueprint for Maryland’s Future Fund.

(f) The Fund consists of:

(1) Revenue distributed to the Fund under §§ 2–605.1, 2–1303, AND 2–1602.1 of the Tax – General Article;

(2) Money appropriated in the State budget for the Fund; and

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(3) Any other money from any other source accepted for the benefit of the Fund.

On page 6, after line 10, insert:

“2-1303.

(a) After making the distributions required under §§ 2-1301 through 2-1302.1 of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County Economic Development Fund established under § 10-130 of the Economic Development Article;

(2) REVENUES FROM THE SALES AND USE TAX ON OPEN ELECTRONIC SMOKING DEVICES UNDER § 11-104(J) OF THIS ARTICLE TO THE BLUEPRINT FOR MARYLAND’S FUTURE FUND ESTABLISHED UNDER § 5-219 OF THE EDUCATION ARTICLE;

[(2)](3) subject to subsection (b) of this section, to The Blueprint for Maryland’s Future Fund established under § 5-219 of the Education Article, revenues collected and remitted by:

(i) a marketplace facilitator; or

(ii) a person that engages in the business of an out-of-state vendor and that is required to collect and remit sales and use tax as specified in COMAR 03.06.01.33B(5); and

[(3)](4) the remaining sales and use tax revenue into the General Fund of the State.

(Over)

2-1602.1.

AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1601 AND 2-1602 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE THE NET INCREASE IN TOBACCO TAX REVENUE ATTRIBUTABLE TO TOBACCO TAX RATES IN EXCESS OF THE RATES IN EFFECT ON JUNE 30, 2020, TO THE BLUEPRINT FOR MARYLAND'S FUTURE FUND ESTABLISHED UNDER § 5-219 OF THE EDUCATION ARTICLE.

AMENDMENT NO. 3

On page 6, in line 7, strike “\$21,000,000” and substitute “\$12,500,000”.

AMENDMENT NO. 4

On page 6, before line 11, insert:

“11-104.

(J) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) “ELECTRONIC SMOKING DEVICE” HAS THE MEANING STATED IN § 16.7-101 OF THE BUSINESS REGULATION ARTICLE.

(III) “OPEN ELECTRONIC SMOKING DEVICE” MEANS AN ELECTRONIC SMOKING DEVICE THAT HAS A TANK, RESERVOIR, OR OTHER CONTAINER FOR VAPING LIQUID THAT CAN BE MANUALLY FILLED AND REFILLED WITH VAPING LIQUID.

(IV) “VAPING LIQUID” HAS THE MEANING STATED IN § 16.7-101 OF THE BUSINESS REGULATION ARTICLE.

(2) THE SALES AND USE TAX RATE FOR OPEN ELECTRONIC SMOKING DEVICES IS 12%.”.

AMENDMENT NO. 5

On page 6, strike in their entirety lines 16 through 19, inclusive; in lines 20 and 22, in each instance, strike the bracket; in line 20, strike “(E)”; in the same line, strike the colon; in lines 21 and 23, strike “(1)” and “(2)”, respectively; in line 22, strike the semicolon; strike beginning with the semicolon in line 24 down through “ARTICLE” in line 26; in line 27, strike “[d] (F)” and substitute “(D)”.

On page 7, in lines 4 and 7, in each instance, strike the brackets; in the same lines, strike “(G)” and “(H)”, respectively; strike beginning with “CIGARETTES,” in line 8 down through “DEVICES” in line 9 and substitute “CIGARETTES OR OTHER TOBACCO PRODUCTS”; strike beginning with “CIGARETTES,” in line 12 down through “DEVICES” in line 13 and substitute “CIGARETTES OR OTHER TOBACCO PRODUCTS”; strike beginning with “CIGARETTES,” in line 14 down through “DEVICES” in line 15 and substitute “CIGARETTES OR OTHER TOBACCO PRODUCTS”; in lines 21, 23, 26, 29, and 33, strike “(i)”, “(j)”, “(k)”, “(l)”, and “(N)”, respectively, and substitute “(G)”, “(H)”, “(I)”, “(J)”, and “(K)”, respectively; and strike in their entirety lines 31 and 32.

On page 8, in line 1, strike “(O)” and substitute “(L)”; in line 4, strike the brackets; in lines 3 and 5, strike “(1)” and “(2)”, respectively; in line 2, strike the colon; in line 4, strike the semicolon; and strike beginning with the semicolon in line 6 down through “ARTICLE” in line 10.

AMENDMENT NO. 6

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On page 8, in lines 12, 13, 14, and 15, in each instance, strike the bracket; in line 13, in each instance, strike the comma; and in the same line, strike “**AND ELECTRONIC SMOKING DEVICES**”.

On pages 8 and 9, strike in their entirety the lines beginning with line 16 on page 8 through line 31 on page 9, inclusive.

AMENDMENT NO. 7

On page 9, after line 31, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General”.

On page 10, in line 3, strike “**\$4.00**” and substitute “**\$3.00**”; in line 5, strike “**20.0**” and substitute “**15.0**”; in lines 8, 11, and 16, in each instance, strike the bracket; in line 9, strike “**86%**” and substitute “**50%**”; strike in their entirety lines 17 and 18; and after line 18, insert:

“SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

12–105.

(a) The tobacco tax rate for cigarettes is:

(1) [\$1.00 for each package of 10 or fewer cigarettes;

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(2) \$2.00] \$4.00 for each package of [at least 11 and not more than] 20 cigarettes; AND

(3) [10.0] 20.0 cents for each cigarette in a package of more than 20 cigarettes[; and

(4) 10.0 cents for each cigarette in a package of free sample cigarettes].

(b) (1) Except as provided in paragraph (2) of this subsection, the tobacco tax rate for other tobacco products is [30%] 70% of the wholesale price of the tobacco products.

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

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

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

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General”.

AMENDMENT NO. 8

On page 10, strike beginning with “AND” in line 26 down through “MANUFACTURER” in line 27.

(Over)

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On pages 11 and 12, strike in their entirety the lines beginning with line 1 on page 11 through line 10 on page 12, inclusive.

On page 13, strike beginning with “CIGARETTES,” in line 4 down through “DEVICES” in line 5 and substitute “CIGARETTES OR OTHER TOBACCO PRODUCTS”.

On pages 13 through 18, strike in their entirety the lines beginning with line 6 on page 13 through line 28 on page 18, inclusive, and substitute:

“SECTION 5. AND BE IT FURTHER ENACTED, That:

(a) As provided in § 12–105 of the Tax – General Article, as enacted by Section 2 of this Act, all cigarettes and other tobacco products used, possessed, or held in the State on or after July 1, 2020, by a wholesaler for sale in the State shall be subject to the tax on cigarettes and other tobacco products as enacted by Section 2 of this Act. The revenue attributable to this requirement shall be remitted to the Comptroller not later than September 30, 2020.

(b) As provided in § 12–105 of the Tax – General Article, as enacted by Section 3 of this Act, all cigarettes and other tobacco products used, possessed, or held in the State on or after July 1, 2021, by a wholesaler for sale in the State shall be subject to the tax on cigarettes and other tobacco products as enacted by Section 3 of this Act. The revenue attributable to this requirement shall be remitted to the Comptroller not later than September 30, 2021.

(c) The Comptroller may provide an alternative method of assessing and collecting the additional tax due under this section.

SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 2021.

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SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Section 6 of this Act, this Act shall take effect July 1, 2020. Section 2 of this Act shall remain effective for a period of 1 year and, at the end of June 30, 2021, Section 2 of this Act shall be abrogated and of no further force and effect.”.