

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1300 (Delegate Rosenberg)
Economic Matters

Baltimore City - Cigarettes and Other Tobacco Products - Public Notice of
Application for County License

This bill requires the clerk of the Circuit Court for Baltimore City to publish specified public notices of an application for a county license to sell cigarettes at retail or to sell other tobacco products (OTP) at retail before issuing the licenses. The clerk must publish a notice of the application two times for two successive weeks in two newspapers of general circulation in Baltimore City that states (1) the name of the applicant; (2) that the applicant is applying for a county license to sell cigarettes at retail and/or to sell OTP at retail in Baltimore City; and (3) the location of the business described in the application. The clerk must also post a notice in a conspicuous place at the location of the business described in the application for at least 10 days.

Fiscal Summary

State Effect: General fund expenditures for the Judiciary increase by \$118,700 in FY 2026 to hire staff for the Circuit Court for Baltimore City, as discussed below. Future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	118,700	136,800	142,900	149,400	155,700
Net Effect	(\$118,700)	(\$136,800)	(\$142,900)	(\$149,400)	(\$155,700)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Expenditures for Baltimore City are assumed to increase by approximately \$50,000 annually beginning in FY 2026. Revenues are not affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Selected Definitions

Under the Business Regulation Article, the following definitions apply:

- “Cigarette” means any size or shaped roll for smoking that is made of tobacco or tobacco mixed with another ingredient and wrapped in paper or in any other material except tobacco. “Sell cigarettes at retail” means to sell cigarettes to a consumer, including selling cigarettes through a vending machine.
- “OTP” means a product that is intended for human consumption or likely to be consumed, whether smoked, heated, chewed, absorbed, dissolved, inhaled, or ingested in any manner that is made of, derived from, or contains tobacco or nicotine, or a component or part used in a consumable produced as specified. “OTP” includes cigars, premium cigars, pipe tobacco, chewing tobacco, snuff, snus, filters, rolling papers, pipes, and hookahs. “OTP” excludes cigarettes; electronic smoking devices; drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration under the federal Food, Drug, and Cosmetic Act; or tobacco pipes. “Sell OTP at retail” means to sell OTP to a consumer.

Cigarette Business Retailer License

Under Title 16, Subtitle 2 of the Business Regulation Article, a cigarette business license to act as a retailer is issued by the clerk of the circuit court. To obtain a license to sell cigarettes to consumers, a person must (1) obtain a county license (discussed further below); (2) submit an application to the clerk for each permanent or temporary place of business located in the same enclosure and operated by the same applicant; and (3) pay the clerk a fee of \$30.

A cigarette business retailer license authorizes a licensee to (1) act as a retailer and (2) buy stamped cigarettes from a subwholesaler or wholesaler. A “retailer” means a person who (1) sells cigarettes to consumers through vending machines on fewer than 40 premises; (2) otherwise sells cigarettes to consumers; and (3) holds cigarettes for sale to consumers.

Unless a cigarette business retailer license is renewed for a one-year term, the license expires on the first April 30 after its effective date. At least one month before the license issued expires, the clerk must mail to the licensee, at the last known address of the licensee, a renewal notice with specified information.

License to Sell Cigarettes at Retail in Counties

Under Title 16, Subtitle 3 of the Business Regulation Article, a license to sell cigarettes at retail in counties is issued by the clerks of the circuit court. To obtain a license to sell cigarettes at retail in a county, a person must (1) submit an application to the clerk and (2) pay the clerk a license fee of \$300. The licensee must obtain a county license for each place of business and each vending machine, if the applicant sells cigarettes through a vending machine.

A county license to sell cigarettes at retail expires on the first anniversary of its effective date. A licensee must display the license in a conspicuous place (1) in the place of business for which it is issued or (2) on the premises where the machine is located, if the licensee sells cigarettes through a vending machine.

Other Tobacco Products Retailer License

An OTP retailer license is issued by the clerks of the circuit court. To obtain a license to sell OTP at retail, a person must (1) obtain a county license; (2) submit an application to the clerk; and (3) pay the clerk a fee of \$15 (with the exception of a licensed cigarette retailer, which is not required to pay the license fee). A license to act as an OTP retailer is required for each permanent or temporary place of business located in the same enclosure and operated by the same applicant.

An OTP retailer license authorizes the licensee to (1) act as an OTP retailer; (2) buy OTP on which the tobacco tax has been paid from an OTP wholesaler; and (3) buy premium cigars or pipe tobacco on which the tobacco tax has not been paid from an OTP manufacturer. “Other tobacco products retailer” means a person who sells OTP to consumers or holds OTP for sale to consumers.

Unless an OTP retailer license is renewed for a one-year term, the license expires on the first April 30 after its effective date. At least one month before the license issued expires, the clerk must mail to the licensee, at the last known address of the licensee, a renewal notice with specified information.

State and Local Expenditures: The Judiciary indicates that in license year 2023 there were 1,275 licensed cigarette retailers and 6 licensed OTP retailers in Baltimore City. Under the bill, the clerk of the Circuit Court for Baltimore City must publish specified notices in the newspaper and at the proposed business location in the application. Thus, additional expenditures are incurred for staff and publication expenses.

Staff Costs

General fund expenditures for the Judiciary increase by \$118,734 in fiscal 2026, which accounts for the bill's October 1, 2025 effective date. This estimate reflects the cost of hiring two licensing clerks for the Circuit Court for Baltimore City to submit license application notifications for publication and ensure that notices are posted at the location in the application as required under the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$103,996
Operating Expenses	<u>14,738</u>
Total FY 2026 State Expenditures	\$118,734

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Publication Costs

As costs for the circuit court are shared by the State and the local government, this analysis assumes Baltimore City is responsible for the costs associated with publication, rather than those costs being funded with general funds through the Judiciary. Accordingly, Baltimore City expenditures increase by approximately \$50,000 annually beginning in fiscal 2026 to publish license application notices in newspapers in Baltimore City.

This estimate assumes that notices are published at the time of license renewal before the April renewal date of the licenses and does not account for new license applications throughout the year, which cannot be reliably estimated. The estimate is based on the cost of publication – spread throughout the year – of about \$2,000 per month per newspaper for a similar publication notice requirement for alcoholic beverages licenses in Baltimore City (based on information received from the Alcohol, Tobacco, and Cannabis Commission).

As noted above, a licensed cigarette retailer may obtain an OTP retail license without paying a fee; thus, it is assumed that many of the 1,275 licensed cigarette retailers are also licensed OTP retailers, which accounts for the large difference in the respective number of licensees. Further, it is assumed that applications for both types of licenses by one applicant can be combined in one published notice.

Small Business Effect: Small businesses may be negatively affected by a delay in obtaining and/or renewing a county license to sell cigarettes at retail or OTP at retail in Baltimore City. Conversely, the bill's requirement to publish notices may benefit small businesses that are newspaper outlets.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore City; Alcohol, Tobacco, and Cannabis Commission; Judiciary (Administrative Office of the Courts); Department of Legislative Services

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