

HOUSE BILL 443

Q7
HB 683/13 – W&M & HGO

4r1861
CF 4r1296

By: **Delegates Luedtke, Anderson, Arora, Barnes, Bobo, Braveboy, Burns, Carr, Carter, Clippinger, Cullison, Dumais, Fraser-Hidalgo, Frush, Gaines, Glenn, Griffith, Gutierrez, Guzzone, Haynes, Holmes, Howard, Hubbard, Hucker, Jones, Kaiser, A. Kelly, Lafferty, Lee, Love, McIntosh, A. Miller, Mitchell, Mizeur, Morhaim, Murphy, Nathan-Pulliam, Niemann, Oaks, Pena-Melnyk, Reznik, B. Robinson, S. Robinson, Rosenberg, Simmons, Stein, Stukes, Swain, Tarrant, V. Turner, Valderrama, Vaughn, Waldstreicher, A. Washington, M. Washington, Wilson, and Zucker**

Introduced and read first time: January 27, 2014

Assigned to: Ways and Means and Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Tobacco Taxes – Healthy Maryland Initiative**

3 FOR the purpose of requiring a certain level of funding for the Tobacco Use Prevention
4 and Cessation Program; altering the tobacco tax rates on cigarettes and other
5 tobacco products; requiring certain wholesalers of cigarettes and other tobacco
6 products to report the amount of other tobacco products sold on a tobacco tax
7 return; defining certain terms; and generally relating to the taxation of
8 cigarettes and other tobacco products.

9 BY repealing and reenacting, with amendments,
10 Article – Health – General
11 Section 13–1015
12 Annotated Code of Maryland
13 (2009 Replacement Volume and 2013 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Tax – General
16 Section 12–105 and 12–202
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2013 Supplement)

19 Preamble

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Over the past decade, Maryland's smoking rate has declined by
2 32%, double the national average, saving over 70,000 people from preventable
3 tobacco-caused deaths and hundreds of millions of dollars in health care costs, in large
4 part as a result of three tobacco tax increases; and

5 WHEREAS, Tobacco still kills tens of thousands of Marylanders, costing
6 hundreds of millions of dollars in health care costs; and

7 WHEREAS, Use of cigars and smokeless tobacco products, especially by
8 children and teens, has increased during the last decade; and

9 WHEREAS, While Maryland has made significant progress in expanding health
10 care in recent years, hundreds of thousands of Marylanders remain uninsured or
11 underinsured, and the significant savings that could be achieved through
12 community-based initiatives have not been realized due to lack of implementation
13 funding; and

14 WHEREAS, Maryland needs to move forward in developing community-based
15 options, strengthening its safety net and improving service delivery in order to fully
16 utilize the opportunities presented by the State Health Improvement Process and
17 federal health care reform; and

18 WHEREAS, Lack of additional funding for health care coverage, public health
19 initiatives, and community services will mean that uninsured and underinsured
20 people will continue to go to the hospital for care, which results in higher insurance
21 premiums for everyone; and

22 WHEREAS, Raising the State's tobacco tax by \$1 per pack for cigarettes with a
23 comparable increase for other tobacco products will raise necessary funds in addition
24 to dramatically reducing teen and adult tobacco use, which in turn will save lives and
25 save the State health care costs; now, therefore,

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

28 **Article – Health – General**

29 13–1015.

30 (a) For fiscal year 2011 and fiscal year 2012, the Governor shall include at
31 least \$6,000,000 in the annual budget in appropriations for activities aimed at
32 reducing tobacco use in Maryland as recommended by the Centers for Disease Control
33 and Prevention, including:

34 (1) Media campaigns aimed at reducing smoking initiation and
35 encouraging smokers to quit smoking;

1 (2) Media campaigns educating the public about the dangers of
2 secondhand smoke exposure;

3 (3) Enforcement of existing laws banning the sale or distribution of
4 tobacco products to minors;

5 (4) Promotion and implementation of smoking cessation programs;
6 and

7 (5) Implementation of school-based tobacco education programs.

8 (b) For fiscal [year 2013 and each fiscal year thereafter] **YEARS 2014 AND**
9 **2015**, the Governor shall include at least \$10,000,000 in the annual budget in
10 appropriations for the purposes described in subsection (a) of this section.

11 **(C) FOR FISCAL YEAR 2016 AND EACH FISCAL YEAR THEREAFTER, THE**
12 **GOVERNOR SHALL INCLUDE AT LEAST \$21,000,000 IN THE ANNUAL BUDGET IN**
13 **APPROPRIATIONS FOR THE PURPOSES DESCRIBED IN SUBSECTION (A) OF THIS**
14 **SECTION.**

15 Article – Tax – General

16 12–105.

17 (a) The tobacco tax rate for cigarettes is:

18 (1) [~~\$1.00~~] **\$1.50** for each package of 10 or fewer cigarettes;

19 (2) [~~\$2.00~~] **\$3** for each package of at least 11 and not more than 20
20 cigarettes;

21 (3) [~~10.0~~] **15** cents for each cigarette in a package of more than 20
22 cigarettes; and

23 (4) [~~10.0~~] **15** cents for each cigarette in a package of free sample
24 cigarettes.

25 (b) (1) Except as provided in paragraph (2) of this subsection, the tobacco
26 tax rate for other tobacco products is [~~30%~~] **95%** of the wholesale price of the tobacco
27 products.

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

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

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

3 1. IN THIS PARAGRAPH THE FOLLOWING WORDS
4 HAVE THE MEANINGS INDICATED.

5 2. "CIGAR" MEANS A CYLINDRICAL ROLL OF CURED
6 TOBACCO.

7 3. "CONVENTIONAL MOIST SNUFF SMOKELESS
8 TOBACCO" MEANS ANY FINELY CUT, GROUND, OR POWDERED TOBACCO
9 INTENDED FOR ORAL CONSUMPTION WITHOUT COMBUSTION THAT IS NOT
10 SINGLE-DOSE SMOKELESS TOBACCO.

11 4. "ROLL-YOUR-OWN TOBACCO" MEANS ANY
12 TOBACCO THAT IS SUITABLE AS TOBACCO FOR CONSUMERS TO:

13 A. MAKE CIGARETTES OR CIGARS; OR

14 B. SMOKE IN A PIPE.

15 5. A. "SINGLE-DOSE SMOKELESS TOBACCO"
16 MEANS ANY FINELY CUT, GROUND, OR POWDERED TOBACCO OR PRODUCT
17 DERIVED FROM TOBACCO INTENDED FOR CONSUMPTION WITHOUT BEING
18 COMBUSTED AND IS DIVIDED BY THE MANUFACTURER INTO UNIFORM,
19 INDIVIDUAL DOSE SERVINGS.

20 B. "SINGLE-DOSE SMOKELESS TOBACCO" INCLUDES
21 SNUS, LOZENGES, TABLETS, STICKS, AND STRIPS.

22 C. "SINGLE-DOSE SMOKELESS TOBACCO" DOES NOT
23 INCLUDE ANY TOBACCO PRODUCT THAT HAS BEEN APPROVED BY THE UNITED
24 STATES FOOD AND DRUG ADMINISTRATION FOR SALE AS A TOBACCO
25 CESSATION PRODUCT, AS A TOBACCO DEPENDENCE PRODUCT, OR FOR OTHER
26 MEDICAL PURPOSES, AND IS MARKETED AND SOLD SOLELY FOR ITS APPROVED
27 PURPOSE.

28 6. "SMALL-CIGAR CIGARETTE" MEANS:

29 A. A SMALL, THIN CIGAR WITH THE APPROXIMATE
30 DIMENSIONS OF A CIGARETTE; OR

1 **B. A CIGARETTE WRAPPED IN TOBACCO INSTEAD OF**
2 **PAPER.**

3 **(II) THE TAX RATE FOR CIGARS WITH A WHOLESALE PRICE**
4 **PER CIGAR OF LESS THAN \$20 IS 95% OF THE WHOLESALE PRICE, NOT TO**
5 **EXCEED \$3 PER CIGAR.**

6 **(III) THE TAX RATE FOR CIGARS WITH A WHOLESALE PRICE**
7 **PER CIGAR OF \$20 OR MORE IS 15% OF THE WHOLESALE PRICE.**

8 **(IV) THE TAX RATE FOR SMALL-CIGAR CIGARETTES IS THE**
9 **SAME AS THE TAX RATE FOR CIGARETTES AS ESTABLISHED UNDER SUBSECTION**
10 **(A) OF THIS SECTION.**

11 **(V) 1. THE TAX RATE FOR CONVENTIONAL MOIST SNUFF**
12 **SMOKELESS TOBACCO IS \$3 PER 1.2-OUNCE CONTAINER, WITH A**
13 **PROPORTIONATE TAX ON WEIGHTS OF MORE THAN 1.2 OUNCES, BASED ON THE**
14 **NET WEIGHT AS PROVIDED BY THE MANUFACTURER.**

15 **2. FOR CONTAINERS OF CONVENTIONAL MOIST**
16 **SNUFF SMOKELESS TOBACCO THAT WEIGH LESS THAN 1.2 OUNCES, THE TAX**
17 **RATE SHALL BE \$3 PER CONTAINER.**

18 **(VI) THE TAX RATE FOR SINGLE-DOSE SMOKELESS TOBACCO**
19 **IS:**

20 **1. \$2.25 FOR EACH CONTAINER OF 15 OR FEWER**
21 **DOSES; AND**

22 **2. 15 CENTS FOR EACH DOSE IN A CONTAINER OF**
23 **MORE THAN 15 DOSES.**

24 **(VII) THE TAX RATE FOR ROLL-YOUR-OWN TOBACCO IS 95%**
25 **OF THE WHOLESALE PRICE OR \$3 PER 0.65 OUNCES, WHICHEVER IS GREATER.**

26 12-202.

27 **(a) A wholesaler shall complete and file with the Comptroller a tobacco tax**
28 **return:**

29 **(1) for cigarettes:**

1 (i) on or before the 21st day of the month that follows the
2 month in which the wholesaler has the first possession, in the State, of unstamped
3 cigarettes for which tax stamps are required; and

4 (ii) if the Comptroller so specifies, by regulation, on other dates
5 for each month in which the wholesaler does not have the first possession of any
6 unstamped cigarettes in the State; and

7 (2) for other tobacco products, on or before the 21st day of the month
8 that follows the month in which the wholesaler has possession of other tobacco
9 products on which the tobacco tax has not been paid.

10 (b) Each return shall state the quantity of cigarettes or the wholesale price
11 **AND AMOUNT** of other tobacco products sold during the period that the return covers.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2014.