

BULLETIN



Comptroller of the Treasury | Alcohol & Tobacco Tax Unit | Goldstein Treasury Building | Annapolis, Maryland 21404-2999
410-260-7314

No. TT-1

June 8, 1994

TO: All cigarette manufacturers, wholesalers, subwholesalers and vending machine operators

SUBJECT: Cigarette law changes effective October 1, 1994

The 1994 session of the Maryland General Assembly enacted Senate Bill 104 which was signed into law by the governor, and becomes effective October 1, 1994. This bill dealt with the cigarette licensing laws generally.

There are five basic areas affected by the new law:

1. Creates A Cigarette Manufacturer's License - Cigarette manufacturers will be required to obtain a cigarette manufacturer's license effective October 1, 1994. This license authorizes manufacturers to engage in activities now permitted without a license. It also authorizes a manufacturer to store unstamped cigarettes in Maryland in a cigarette storage warehouse (see item #2 below). The license will expire annually on April 30. Fees for the initial license include a \$200.00 application fee and a \$25.00 license fee. The cost for subsequent licenses will include the \$25.00 license fee and a \$30.00 renewal fee. Application forms and instructions for obtaining the new license will be sent to manufacturers within the next several months.

2. Creates A Cigarette Storage Warehouse Permit - This permit authorizes an entity to operate a warehouse to store unstamped cigarettes on behalf of a cigarette manufacturer. The permit will expire annually on April 30. Fees for the initial license include a \$200.00 application fee and a \$25.00 permit fee. The cost for subsequent licenses will include the \$25.00 permit fee and a \$30.00 renewal fee.

3. Specifies When A License May Be Suspended Or Revoked - This law clarifies that action can be taken against a cigarette licensee for *any* violation of the Business Regulation Article, Tax General Article or cigarette regulations.

4. Offer of Compromise - Authorizes the comptroller to accept an offer of compromise (fine) in lieu of a license suspension or revocation.

5. Tax Securities - Requires all of the classes of cigarette licenses listed below who directly pay the cigarette tax, or who may have a tax liability through an audit assessment, to file a tax security. The usual method of security is a bond. However; cash or marketable securities are also acceptable forms of security. The following securities will be required as of October 1, 1994:

A. For a manufacturer or wholesaler:

- 1) \$10,000.00 *plus*
- 2) the amount, if any, by which the tobacco tax due for any one month exceeds \$10,000.00.

B. For a subwholesaler or a vending machine operator:

- 1) \$1,000.00 *plus*
- 2) the amount, if any, by which the tobacco tax due for any one month exceeds \$1,000.00.

All persons with any of the stipulated classes of license must file with the Alcohol and Tobacco Tax Unit an acceptable security in the minimum amount provided by *October 1, 1994*. A cigarette bond form is enclosed for your use. If you already have a bond or other security on file with this office in the proper amount, you do not need to submit a new bond.

If you have any questions concerning licensing and bond requirements or procedures, contact the license section at 410-260-7327 or 410-260-7381. Thank you for your cooperation.

Charles W. Ehart, DPA
Administrator
Alcohol and Tobacco Tax Unit

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