

SENATE BILL 320

Q7

6lr2240
CF HB 139

By: **Senators Astle and DeGrange**

Introduced and read first time: January 27, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tobacco Tax – Premium Cigars – Rate**

3 FOR the purpose of altering the tobacco tax rate on premium cigars; providing for the
4 termination of this Act; and generally relating to the tobacco tax rate for premium
5 cigars.

6 BY repealing and reenacting, without amendments,
7 Article – Business Regulation
8 Section 16.5–101(p)
9 Annotated Code of Maryland
10 (2015 Replacement Volume and 2015 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 12–105(b)
14 Annotated Code of Maryland
15 (2010 Replacement Volume and 2015 Supplement)

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

18 **Article – Business Regulation**

19 16.5–101.

20 (p) “Premium cigars” means cigars that:

21 (1) have hand–rolled wrappers made from whole tobacco leaves where the
22 filler, binder, and wrapper are made of all tobacco, and may include adhesives or other
23 materials used to maintain size, texture, or flavor; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) are designated as premium cigars by the Comptroller by regulation.

2 **Article – Tax – General**

3 12–105.

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

6 (2) (i) In this paragraph, “premium cigars” has the meaning stated in §
7 16.5–101 of the Business Regulation Article.

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

10 (iii) The tobacco tax rate for premium cigars is [15%] **7.5%** of the
11 wholesale price of the premium cigars.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2016. It shall remain effective for a period of 5 years and, at the end of June 30, 2021,
14 with no further action required by the General Assembly, this Act shall be abrogated and
15 of no further force and effect.