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Recent Developments

HOUSE BILL 190: TOBACCO TAX

By Holly A. Currier

After much discussion, debate, and compromise, a law was passed by the Legislature and signed by the Governor dictating a thirty-three cents per pack increase in the tax on cigarettes. While not the one dollar increase proposed by the Governor, the thirty-three cents per pack tax increase will significantly contribute to reducing smoking by adults and youth, and increase the amount of funding from a portion of the national tobacco litigation settlement allocated to assist in the conversion of tobacco crops to other money crops. Specifically, the Tobacco Tax Bill (crossfiled with Senate Bill 143) not only provides for a tax on cigarettes, but also for a tax on all other tobacco products at a rate of fifteen percent of the wholesale price. The Bill addresses the fact that only the state may tax tobacco products, and that additional taxes by any county or municipal corporation will not be permitted. Further, any cigarettes being sold outside of Maryland or the United States shall not be subject to this new tobacco tax.

Additionally, the Legislature included financial provisions in this Bill to provide for activities to reduce the tobacco use in Maryland. Specifically, the Governor was required to provide in the annual budget not less than twenty one million dollars to fund such activities. Examples of the anti-tobacco use activities are (1) media campaigns to reduce smoking initiation, (2) media campaigns designed to educate the public regarding secondhand smoke, (3) enforcement of laws prohibiting the sale of tobacco products to minors, (4) smoking cessation programs, and (5) anti-tobacco education campaigns for use in the schools of Maryland.

This Bill furthered the Maryland's mounting efforts in the war against tobacco in several ways, namely by providing for a tax on tobacco products, increasing funding for anti-tobacco education campaigns and funding programs designed to assist farmers convert their tobacco crops to other money crops. Lastly, both this Bill and the recent victory for Maryland in the national tobacco litigation settlement exhibit the state-wide trend towards reducing the number of Marylanders who choose to partake of tobacco products and the state's strong position against the use of tobacco.

The effective dates for this Bill vary according to section. The range of effective dates varies from July 1, 1999 to July 1, 2000. Please refer to the Bill itself for the specific effective dates per section.