

oversight, if it be an oversight, is likely to cause problems if we seek to adopt regulations or take action to enforce the statute.

5. As previously noted, this legislation seeks to create two entirely new taxing statutes, consisting of one section each. These new statutes are only loosely tied to the Retail Sales and Use Tax Acts in certain limited respects. Left out are a great number of provisions normally necessary to implement a taxing statute. Among other things, no provisions have been made for the responsibility of purchasers for the payment of the tax, late payment penalties, interest, assessments, hearings, appeals, refunds, licenses, liens, bulk sales, and exemptions, to mention only a few.

6. The legislation is decidedly not clear on the point that once a sale of cigarettes has been subjected to the tax that subsequent sales of the same cigarettes are not also subject to tax. Indeed, the language of the legislation leads to the opposite conclusion.

From a policy point of view, the legislation imposes a number of burdens upon retailers which are hard to justify. Retailers who buy from Maryland wholesalers (which should not be a large number if this legislation takes effect) lose not only the collection discount (1.2% of sales) and the tax float from the existing sales tax (significantly more important) but also will be required to put up the amount of the new tax in advance of retail sales. We believe that it is reasonably predictable that a number of small businesses will not survive this battering of their working capital.

Those retailers who purchase directly from manufacturers or from out-of-state wholesalers will be confronted with the not insignificant problem of having to ring up and collect the new cigarette sales tax separately from the retail sales tax because the rates are different.

Because of all the foregoing problems, most particularly because of the discrimination against Maryland cigarette wholesalers, we strongly urge the veto of both Senate Bill 532 and House Bill 1236.

With kindest personal regards and best wishes, we remain,

Cordially,
Louis L. Goldstein
Comptroller

Henry A. Heinmuller, Jr.
Director, Retail Sales Tax Division