

revenues derived from the supplemental tobacco tax imposed by this Act to fund an Asbestos Removal Fund; making this Act a supplementary appropriation; making conforming and clarifying changes; and generally relating to tobacco taxes.

BY repealing and reenacting, with amendments,

Article 81 - Revenue and Taxes
Section 433 and 460
Annotated Code of Maryland
(1980 Replacement Volume and 1984 Supplement)

BY adding to

Article - Education
Section 5-308
Annotated Code of Maryland
(1978 Volume and 1984 Supplement)

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

Article 81 - Revenue and Taxes

433.

(A) The rate or amount of tax levied and imposed shall be 6 1/2 cents for each ten cigarettes or fractional part thereof when such cigarettes are in packages containing 20 or fewer cigarettes each. On packs of cigarettes containing more than 20 cigarettes each, the first 20 cigarettes in each pack shall be taxed at the rate of 6 1/2 cents for each 10 cigarettes, and, the tax shall be 6.5 mills per cigarette on each cigarette in excess of 20 contained in each pack.

(B) (1) AT ANY TIME THE FEDERAL TAX IMPOSED UNDER 26 UNITED STATES CODE § 5701 (B)(1), AS AMENDED, IS LESS THAN \$8 PER THOUSAND CIGARETTES, THERE SHALL BE A SUPPLEMENTAL STATE TAX FOR EACH 10 CIGARETTES OR FRACTIONAL PART THEREOF WHEN SUCH CIGARETTES ARE IN PACKAGES CONTAINING 20 OR FEWER CIGARETTES EACH AND ON EACH CIGARETTE IN EXCESS OF 20 CONTAINED IN EACH PACK. THE AMOUNT OR RATE OF THE SUPPLEMENTAL TAX SHALL BE EQUIVALENT TO THE AMOUNT THE FEDERAL TAX IS LESS THAN \$8 PER THOUSAND CIGARETTES.

(2) ANY SUPPLEMENTAL TAX IMPOSED OR ANY CHANGE IN THE SUPPLEMENTAL TAX IMPOSED BY THIS SUBSECTION SHALL APPLY TO ALL CIGARETTES SOLD OR POSSESSED BY A DISTRIBUTOR 10 OR MORE DAYS AFTER THE EFFECTIVE DATE OF ANY MODIFICATION IN THE FEDERAL TAX UNDER 26 UNITED STATES CODE § 5701 (B)(1) THAT RESULTS IN THE IMPOSITION OR CHANGE OF A SUPPLEMENTAL TAX UNDER THIS SUBSECTION.

460.