

Administrative Release

Comptroller of Maryland • Alcohol and Tobacco Tax Division • Goldstein Treasury Building • P.O. Box 2999
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No. TT-3

March 6, 1995

TO: All Cigarette Sub-Wholesalers

SUBJECT: Requirements for Renewal of License

Application form COT/ATTU 637 and instructions to renew cigarette sub-wholesale licenses have been mailed to all accounts for the license year beginning May 1, 1995. The Alcohol and Tobacco Tax Bureau has recently been provided with advice from the Attorney General's office which may affect some licensees and their continued qualifications to hold a sub-wholesale license.

The interpretation of the cigarette licensing provisions of the Business Regulation Article of the Annotated Code of Maryland and related provisions of the Maryland Cigarette Sales Below Coast Act (Title 11, Subtitle 5, of the Commercial Law Article) is that a sub-wholesaler may purchase cigarettes from a wholesaler for sale to retailers which are not owned, affiliated or controlled by the sub-wholesaler. This is a requirement for holding a sub-wholesale license. A person qualified to hold a sub-wholesale license under these provisions may also sell cigarettes at retail if the sub-wholesaler holds a qualifying retail license.

Currently, some sub-wholesalers may be selling, exclusively or otherwise, to separate entities which are not totally independent and unaffiliated with the sub-wholesaler. This would include entities with common ownership or stockholders. This would not be a permitted activity of a sub-wholesaler. If the sub-wholesaler continues to otherwise qualify for a license as outlined above, such sales to affiliated companies must be discontinued in order to comply with the law as interpreted by the Attorney General's office.

Section 6(C)(a) of the renewal application requires that all applicants attach a separate listing of persons to whom they intend to sell cigarettes. In addition to this list, a statement will be required as part of this year's renewal application affirming that you will not sell or transfer any cigarettes to separate entities which are owned, affiliated or controlled by the applicant.

As a result of the above interpretation, if you determine you no longer qualify for or do not desire to continue holding a sub-wholesale license, please advise this office in writing by April 30, 1995. If you have any question pertaining to these licensing requirements please contact Assistant Administrator Aaron Stansbury at 410-260-7319.

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

For the deaf and hard of hearing: TTY users call via Maryland Relay at 711 in Maryland. If you need a reasonable accommodation for a disability, please contact us before you visit.

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