

**129th MAINE LEGISLATURE****LD 1028****LR 493(07)****An Act To Prevent and Reduce Tobacco Use with Adequate Funding and by Equalizing the Taxes on Tobacco Products and To Improve Public Health****Fiscal Note for Bill as Engrossed with:****C "A" (H-622)****H "A" (H-656) to C "A" (H-622)****Committee: Taxation****Fiscal Note**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>Projections FY 2021-22</b>	<b>Projections FY 2022-23</b>
<b>Net Cost (Savings)</b>				
General Fund	(\$622,597)	\$408,441	\$1,495,128	\$1,540,670
<b>Appropriations/Allocations</b>				
General Fund	\$5,664,286	\$11,055,006	\$11,070,042	\$11,085,989
Federal Expenditures Fund	\$9,606,719	\$13,034,059	\$13,032,592	\$13,032,492
<b>Revenue</b>				
General Fund	\$5,339,958	\$9,699,640	\$9,574,914	\$9,545,319
Federal Expenditures Fund	\$7,831,484	\$11,701,882	\$11,700,415	\$11,700,415
Other Special Revenue Funds	\$13,956	\$18,350	\$18,371	\$18,294
<b>Transfers</b>				
General Fund	\$946,925	\$946,925	\$0	\$0
Other Special Revenue Funds	(\$946,925)	(\$946,925)	\$0	\$0

**Fiscal Detail and Notes**

Part A of the bill increases the tobacco products tax from 20% to 43% of the wholesale sales price and provides an exemption to tobacco products tax for electronic smoking devices and liquids used with medical marijuana. General Fund revenue would be increased by \$5,339,958 in fiscal year 2019-20 and \$9,669,640 in fiscal year 2020-21. Local Government Fund revenue would be increased by \$13,956 in fiscal year 2019-20 and \$25,350 in fiscal year 2020-21. Part A also includes General Fund appropriations of \$77,581 in fiscal year 2019-20 and \$88,361 in 2020-21 to the Department of Administrative and Financial Services for one Tax Examiner position and related costs to review and process additional tobacco products tax returns.

Part A of the bill includes General Fund appropriations to the Department of Health and Human Services by \$2,550,000 in fiscal year 2019-20 and \$4,850,000 in fiscal year 2020-21 for evidence-based tobacco use prevention and cessation services and for tobacco use cessation medications and counseling provided to MaineCare members.

Part B of the bill includes General Fund appropriations to the Department of Health and Human Services of \$1,662,060 in fiscal year 2019-20 and \$3,329,640 in fiscal year 2020-21 to increase the reimbursement rate for ambulance services under the MaineCare program so the rates are not less than the average allowable reimbursement rate under Medicare and reimbursement for neonatal transport services under MaineCare must be at the average rate for critical care transport services under Medicare. Federal Expenditures Fund allocations are also included for the FMAP match.

Part C of the bill provides a subtraction modification from income tax for student loan payments made by a taxpayer's employer directly to a lender on behalf of a qualified health care employee. It would result in a reduction of General Fund revenue of \$133,000 in fiscal year 2021-22 and a reduction in Local Government Fund revenue of \$7,000 in fiscal year 2021-22. The Department of Administrative and Financial Services would require a one-time General Fund appropriation of \$11,000 in fiscal year 2021-22 for computer programming to update the individual income tax return.

Part C of the bill also includes General Fund appropriations to the Department of Health and Human Services of \$1,374,645 in fiscal year 2019-20 and \$2,787,005 in fiscal year 2020-21 for the Department of Health and Human Services to amend its rule Chapter 101: MaineCare Benefits Manual, Chapter III, Section 45 regarding the department's total annual obligation to rural and nonrural hospitals and acute care critical access hospitals and to amend its rule Chapter 101: MaineCare Benefits Manual, Chapter II, Section 103 regarding the department's reimbursement methodology to provide an alternative payment methodology option for rural health clinics. Federal Expenditures Fund allocations are also included for the FMAP match.

Part D of the bill transfers \$946,925 from the Hospital Tax, Other Special Revenue Funds account in the Department of Health and Human Services to the unappropriated surplus of the General Fund in each year of the biennium.