



128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 945

H.P. 673

House of Representatives, March 9, 2017

**An Act To Reduce the Burden of Tobacco-related Illness by
Increasing Revenue from the Cigarette Tax for Use for Tobacco
Cessation**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative McCREIGHT of Harpswell.
Cosponsored by Senator CHENETTE of York and
Representatives: HEAD of Bethel, HILLIARD of Belgrade, HYMANSON of York,
JOHANSEN of Monticello, RECKITT of South Portland, SANBORN of Portland, TERRY of
Gorham, TIPPING of Orono.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §4365-F**, as enacted by PL 2005, c. 457, Pt. AA, §3 and
3 affected by §8, is repealed.

4 **Sec. 2. 36 MRSA §4365-G** is enacted to read:

5 **§4365-G. Application of cigarette tax rate increase effective November 1, 2017**

6 The following provisions apply to cigarettes held for resale on November 1, 2017.

7 **1. Stamped rate.** Cigarettes stamped at the rate of 100 mills per cigarette and held
8 for resale after October 30, 2017 are subject to tax at the rate of 175 mills per cigarette.

9 **2. Liability.** A person possessing cigarettes for resale is liable for the difference
10 between the tax rate of 175 mills per cigarette and the tax rate of 100 mills per cigarette in
11 effect before November 1, 2017. Stamps indicating payment of the tax imposed by this
12 section must be affixed to all packages of cigarettes held for resale as of November 1,
13 2017, except that cigarettes held in vending machines as of that date do not require that
14 stamp.

15 **3. Vending machines.** Notwithstanding any other provision of this chapter, it is
16 presumed that all cigarette vending machines are filled to capacity on November 1, 2017,
17 and the tax imposed by this section must be reported on that basis. A credit against this
18 inventory tax must be allowed for cigarettes stamped at the rate of 175 mills per cigarette
19 placed in vending machines before November 1, 2017.

20 **4. Payment.** Payment of the tax imposed by this section must be made to the
21 assessor by January 1, 2018, accompanied by forms prescribed by the assessor.

22 **Sec. 3. 36 MRSA §4366-A, sub-§2, ¶D**, as amended by PL 2007, c. 438, §93, is
23 further amended to read:

24 D. For stamps at the face value of ~~400~~ 175 mills, the discount rate is ~~4.15%~~ 0.65%.

25 **Sec. 4. 36 MRSA §4366-E** is enacted to read:

26 **§4366-E. Additional tax**

27 Beginning November 1, 2017, an additional tax is imposed on all cigarettes imported
28 into this State or held in this State by any person for sale at the rate of 75 mills for each
29 cigarette. The tax imposed under this section must be added to the tax imposed under
30 section 4365 and collected and administered in the same manner as the tax under that
31 section. Payment of the tax is evidenced by the affixing of stamps to the packages
32 containing the cigarettes.

33 **Sec. 5. Appropriations and allocations.** The following appropriations and
34 allocations are made.

35 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)**

1 **Maine Center for Disease Control and Prevention 0143**

2 Initiative: Allocates funds for tobacco use prevention and cessation.

3

4	GENERAL FUND	2017-18	2018-19
5	All Other	\$8,100,000	\$8,100,000
6			
7	GENERAL FUND TOTAL	<u>\$8,100,000</u>	<u>\$8,100,000</u>

8 **Medical Care - Payments to Providers 0147**

9 Initiative: Allocates funds for tobacco use cessation medications and counseling provided
10 to MaineCare members.

11

12	GENERAL FUND	2017-18	2018-19
13	All Other	\$1,000,000	\$750,000
14			
15	GENERAL FUND TOTAL	<u>\$1,000,000</u>	<u>\$750,000</u>

16

17	HEALTH AND HUMAN SERVICES,		
18	DEPARTMENT OF (FORMERLY DHS)		
19	DEPARTMENT TOTALS	2017-18	2018-19
20			
21	GENERAL FUND	\$9,100,000	\$8,850,000
22			
23	DEPARTMENT TOTAL - ALL FUNDS	<u>\$9,100,000</u>	<u>\$8,850,000</u>

24 **Sec. 6. Effective date.** This Act takes effect November 1, 2017.

25 **SUMMARY**

26 This bill increases the cigarette tax from \$2.00 to \$3.50 per pack of 20 cigarettes,
27 beginning November 1, 2017. This bill also provides increased funding in the amount of
28 \$8,100,000 per year in ongoing funding to the Maine Centers for Disease Control and
29 Prevention for tobacco use prevention and cessation in order to align with United States
30 Department of Health and Human Services, Centers for Disease Control and Prevention
31 recommendations. Finally, this bill provides \$1,000,000 in fiscal year 2017-18 and
32 \$750,000 thereafter for MaineCare members for tobacco cessation medications and
33 counseling.