

OFFICE OF FISCAL AND PROGRAM REVIEW

Work Session Date: March 1, 2013

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

LD 212, An Act To Provide a Tax Exemption for Tobacco Sold to an Adult Member of a Federally Recognized Indian Tribe for Cultural, Spiritual or Ceremonial Purposes

Summary: As written, this bill provides a sales tax exemption for the purchase of cigarettes and tobacco products by adult members of federally recognized Indian tribes for cultural, spiritual or ceremonial purposes and requires the State Tax Assessor to work with representatives of federally recognized Indian tribes in the State to establish a process for adult members of federally recognized Indian tribes to purchase cigarettes and tobacco products for cultural, spiritual or ceremonial purposes without payment of the cigarette or tobacco products taxes or to obtain a refund of those taxes.

Public Hearing:

Proponents

- Senator Haskell presented the bill on the behalf of the sponsor. She stated that the sponsor intended for the bill to exempt only tobacco used for ceremonial purposes, not cigarettes or other tobacco products, and read an amendment proposed by the sponsor into the record.
- A representative from the American Lung Association testified in support.
- *Major points:* as amended the bill recognizes traditional, spiritual and ceremonial use of tobacco; not about smoking.

Opposed

- A representative for New England Convenience Store Association testified in opposition to the bill.
- *Major points:* verification of whether person making purchase is qualified for the exemption could be burdensome to retailer; suggest refund rather than exemption.

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- Testimony “neither for nor against” the bill was provided by individuals representing Pine State Trading Company, the American Heart Association, the American Stroke Association, the Maine Public Health Association and the American Cancer Society Cancer Action Network. The Attorney General submitted written testimony.
- *Major points:* concerns about bill as drafted; need narrow scope of what’s exempt; exemption shouldn’t go into effect before process is developed; may want to have plan for process come back to Committee before considering implementation; enforcement issues.

Amendment: The amendment exempts from sales tax loose tobacco purchase or used by adult members of federally recognized Indian tribes for cultural, spiritual or ceremonial purposes.

Technical Issues: Should the Committee choose to move forward with this bill several issues should be addressed in an amendment. Issue include: the scope of the exemption, implementation, application date and specific tax to be exempt.

Fiscal Information: The preliminary fiscal impact statement was not available at the time this analysis was finalized.