

**125th MAINE LEGISLATURE****LD 536****LR 1472(02)****An Act To Help Deter Youth Smoking and To Help Smokers Quit****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Taxation****Fiscal Note Required: Yes****Fiscal Note**

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Net Cost (Savings)				
General Fund	\$19,554,234	\$18,889,697	\$18,226,479	\$17,584,570
Fund for a Healthy Maine	\$800,000	\$400,000	\$400,000	\$400,000
Appropriations/Allocations				
General Fund	\$14,500	\$14,500	\$14,500	\$14,500
Fund for a Healthy Maine	\$800,000	\$400,000	\$400,000	\$400,000
Other Special Revenue Funds	\$28,050,191	\$27,561,076	\$27,080,568	\$26,607,233
Revenue				
General Fund	(\$19,539,734)	(\$18,875,197)	(\$18,211,979)	(\$17,570,070)
Other Special Revenue Funds	\$84,171,073	\$82,702,728	\$81,261,204	\$79,840,699

Fiscal Detail and Notes

Increasing the cigarette tax from \$2.00 to \$3.50 per package of 20 and decreasing the discount rate for cigarette tax stamps from 1.15% to .75% effective July 1, 2011 will result in (1) a General Fund loss of \$19,929,234 in fiscal year 2011-12 and \$19,245,697 in fiscal year 2012-13 due to a drop in demand for over 9 million packs per year in sales, and (2) a sales tax revenue increase to the General Fund of \$389,500 in fiscal year 2012 and \$370,500 in fiscal year 2012-13 and a proportional increase to revenue sharing of \$20,500 in fiscal year 2011-12 and \$19,500 in fiscal year 2012-13. The bill as amended credits revenue derived from the cigarette tax rate change at 75 additional mills per cigarette as follows: 25 mills to the Fund for a Healthy Maine, 25 mills to the Tax Relief Fund for Maine Residents and 25 mills to the Nursing Facilities Other Special Revenue Funds account in the Department of Health and Human Services, with a resulting gain to Other Special Revenue Funds of \$84,150,573 in fiscal year 2011-12 and \$82,683,227 in fiscal year 2012-13.

This bill as amended also includes an appropriation of \$14,500 commencing in fiscal year 2011-12 for MRS to establish new tax rates, adapt forms and stamps, manually track the new process and to follow-up with any non-compliant taxpayers. MRS notes that the state may be placed at a greater risk of a tax stamp receivable default due to bonding issues that may be faced by the industry as a result of the cigarette tax increase. Also provides a Fund for a Healthy Maine allocation of \$800,000 in 2011-12 and \$400,000 in 2012-13 for tobacco treatment counseling by a tobacco help line.