



126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 1406

H.P. 1002

House of Representatives, April 12, 2013

**An Act To Reduce Youth Smoking and Improve Public Health by
Increasing Revenue from the Cigarette Tax to the Fund for a
Healthy Maine and To Pay Debts Owed to Health Care Providers**

(EMERGENCY)

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative FARNSWORTH of Portland.
Cosponsored by Representatives: BEAVERS of South Berwick, BERRY of Bowdoinham,
BRIGGS of Mexico, BROOKS of Winterport, EVANGELOS of Friendship, GRAHAM of
North Yarmouth, HAMANN of South Portland, HUBBELL of Bar Harbor, KNIGHT of
Livermore Falls, MASTRACCIO of Sanford, RYKERSON of Kittery, SANBORN of Gorham,
STUCKEY of Portland, TREAT of Hallowell, WELSH of Rockport.

1 **Emergency preamble.** Whereas, acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** this legislation needs to take effect before the expiration of the 90-day
4 period in order to help prevent tobacco use by children and help smokers quit smoking;
5 and

6 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
7 the meaning of the Constitution of Maine and require the following legislation as
8 immediately necessary for the preservation of the public peace, health and safety; now,
9 therefore,

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

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12 affected by §8, is repealed.

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

14 **§4365-G. Application of cigarette tax rate increase effective July 1, 2013**

15 The following provisions apply to cigarettes held for resale on July 1, 2013.

16 **1. Stamped rate.** Cigarettes stamped at the rate of 100 mills per cigarette and held
17 for resale after June 30, 2013 are subject to tax at the rate of 175 mills per cigarette.

18 **2. Liability.** A person possessing cigarettes for resale is liable for the difference
19 between the tax rate of 175 mills per cigarette and the tax rate of 100 mills per cigarette in
20 effect before July 1, 2013. Stamps indicating payment of the tax imposed by this section
21 must be affixed to all packages of cigarettes held for resale as of July 1, 2013, except that
22 cigarettes held in vending machines as of that date do not require that stamp.

23 **3. Vending machines.** Notwithstanding any other provision of this chapter, it is
24 presumed that all cigarette vending machines are filled to capacity on July 1, 2013 and
25 that the tax imposed by this section must be reported on that basis. A credit against this
26 inventory tax must be allowed for cigarettes stamped at the rate of 175 mills per cigarette
27 placed in vending machines before July 1, 2013.

28 **4. Payment.** Payment of the tax imposed by this section must be made to the
29 assessor by September 1, 2013, accompanied by forms prescribed by the assessor.

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

32 D. For stamps at the face value of ~~400~~ 175 mills, the discount rate is ~~4.15%~~ 0.75%.

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

1 **§4366-E. Additional tax**

2 **1. Additional tax.** Beginning July 1, 2013, an additional tax is imposed on all
3 cigarettes imported into this State or held in this State by any person for sale at the rate of
4 75 mills for each cigarette. The tax imposed under this section must be added to the tax
5 imposed under section 4365 and collected and administered in the same manner as the tax
6 under that section. Payment of the tax is evidenced by the affixing of stamps to the
7 packages containing the cigarettes.

8 **2. Transfers.** The State Controller shall make the following transfers from revenues
9 received under this section.

10 A. The State Controller shall transfer to the Fund for a Healthy Maine \$20,382,200
11 in fiscal year 2013-14 and \$19,832,200 in fiscal year 2014-15. In subsequent fiscal
12 years, the State Controller shall transfer to the Fund for a Healthy Maine a percentage
13 of revenue collected under this section that is equal to the percentage of revenue
14 transferred under this paragraph in fiscal years 2013-14 and 2014-15.

15 B. The State Controller shall transfer the balance of revenue collected under this
16 section after the transfer required under paragraph A to the Medical Care - Payments
17 to Providers program in the Department of Health and Human Services to be used to
18 retire amounts determined by the Commissioner of Health and Human Services to be
19 owed to health care providers for services provided prior to December 1, 2012.
20 When, as determined by the commissioner, there exist no outstanding amounts owed
21 to health care providers for services provided prior to December 1, 2012, the State
22 Controller shall transfer the balance of revenue to the General Fund.

23 **Sec. 5. Appropriations and allocations.** The following appropriations and
24 allocations are made.

25 **EDUCATION, DEPARTMENT OF**
26 **FHM - School Nurse Consultant 0949**

27 Initiative: Allocates funds for a school nurse consultant.

29	GENERAL FUND	2013-14	2014-15
30	POSITIONS - LEGISLATIVE COUNT	1.000	1.000
31	Personal Services	\$95,000	\$95,000
32	All Other	\$8,000	\$8,000
33			
34	GENERAL FUND TOTAL	\$103,000	\$103,000

35			
36	EDUCATION, DEPARTMENT OF		
37	DEPARTMENT TOTALS	2013-14	2014-15
38			
39	GENERAL FUND	\$103,000	\$103,000

1			
2	DEPARTMENT TOTAL - ALL FUNDS	<u>\$103,000</u>	<u>\$103,000</u>
3	FINANCE AUTHORITY OF MAINE		
4	FHM - Dental Education 0951		
5	Initiative: Allocates funds for dental education programs.		
6			
7	GENERAL FUND	2013-14	2014-15
8	All Other	\$28,000	\$28,000
9			
10	GENERAL FUND TOTAL	<u>\$28,000</u>	<u>\$28,000</u>
11	FHM - Health Education Centers 0950		
12	Initiative: Allocates funds for health education centers.		
13			
14	GENERAL FUND	2013-14	2014-15
15	All Other	\$12,000	\$12,000
16			
17	GENERAL FUND TOTAL	<u>\$12,000</u>	<u>\$12,000</u>
18	FHM - Quality Child Care 0952		
19	Initiative: Allocates funds for quality child care programs.		
20			
21	GENERAL FUND	2013-14	2014-15
22	All Other	\$160,000	\$160,000
23			
24	GENERAL FUND TOTAL	<u>\$160,000</u>	<u>\$160,000</u>
25			
26	FINANCE AUTHORITY OF MAINE		
27	DEPARTMENT TOTALS	2013-14	2014-15
28			
29	GENERAL FUND	\$200,000	\$200,000
30			
31	DEPARTMENT TOTAL - ALL FUNDS	<u>\$200,000</u>	<u>\$200,000</u>
32	HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY BDS)		
33	FHM - Substance Abuse 0948		
34	Initiative: Allocates funds for substance abuse programs.		
35			

1	GENERAL FUND	2013-14	2014-15
2	All Other	\$3,200,000	\$3,200,000
3			
4	GENERAL FUND TOTAL	<u>\$3,200,000</u>	<u>\$3,200,000</u>

5			
6	HEALTH AND HUMAN SERVICES,		
7	DEPARTMENT OF (FORMERLY BDS)		
8	DEPARTMENT TOTALS	2013-14	2014-15
9			
10	GENERAL FUND	\$3,200,000	\$3,200,000
11			
12	DEPARTMENT TOTAL - ALL FUNDS	<u>\$3,200,000</u>	<u>\$3,200,000</u>

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

14 **FHM - Bureau of Health 0953**

15 Initiative: Allocates funds for tobacco treatment medication and counseling by a tobacco
16 helpline.

17			
18	GENERAL FUND	2013-14	2014-15
19	All Other	\$1,100,000	\$550,000
20			
21	GENERAL FUND TOTAL	<u>\$1,100,000</u>	<u>\$550,000</u>

22 **FHM - Bureau of Health 0953**

23 Initiative: Allocates funds for community school grants.

24			
25	GENERAL FUND	2013-14	2014-15
26	All Other	\$3,750,000	\$3,750,000
27			
28	GENERAL FUND TOTAL	<u>\$3,750,000</u>	<u>\$3,750,000</u>

29 **FHM - Bureau of Health 0953**

30 Initiative: Allocates funds for tobacco prevention, control and treatment programs.

31			
32	GENERAL FUND	2013-14	2014-15
33	All Other	\$800,000	\$800,000
34			
35	GENERAL FUND TOTAL	<u>\$800,000</u>	<u>\$800,000</u>

36 **FHM - Bureau of Health 0953**

37 Initiative: Allocates funds for public health infrastructure programs.

1			
2	GENERAL FUND	2013-14	2014-15
3	All Other	\$100,000	\$100,000
4			
5	GENERAL FUND TOTAL	<u>\$100,000</u>	<u>\$100,000</u>
6	FHM - Bureau of Health 0953		
7	Initiative: Allocates funds for home visit programs.		
8			
9	GENERAL FUND	2013-14	2014-15
10	All Other	\$5,150,000	\$5,150,000
11			
12	GENERAL FUND TOTAL	<u>\$5,150,000</u>	<u>\$5,150,000</u>
13	FHM - Bureau of Health 0953		
14	Initiative: Allocates funds for oral health programs.		
15			
16	GENERAL FUND	2013-14	2014-15
17	All Other	\$630,000	\$630,000
18			
19	GENERAL FUND TOTAL	<u>\$630,000</u>	<u>\$630,000</u>
20	FHM - Donated Dental 0958		
21	Initiative: Allocates funds for the donated dental program.		
22			
23	GENERAL FUND	2013-14	2014-15
24	All Other	\$4,200	\$4,200
25			
26	GENERAL FUND TOTAL	<u>\$4,200</u>	<u>\$4,200</u>
27	FHM - Family Planning 0956		
28	Initiative: Allocates funds for family planning programs.		
29			
30	GENERAL FUND	2013-14	2014-15
31	All Other	\$450,000	\$450,000
32			
33	GENERAL FUND TOTAL	<u>\$450,000</u>	<u>\$450,000</u>
34	FHM - Head Start 0959		
35	Initiative: Allocates funds for Head Start programs.		

1			
2	GENERAL FUND	2013-14	2014-15
3	All Other	\$160,000	\$160,000
4			
5	GENERAL FUND TOTAL	<u>\$160,000</u>	<u>\$160,000</u>
6	FHM - Immunization Z048		
7	Initiative: Allocates funds for immunization programs.		
8			
9	GENERAL FUND	2013-14	2014-15
10	All Other	\$125,000	\$125,000
11			
12	GENERAL FUND TOTAL	<u>\$125,000</u>	<u>\$125,000</u>
13	FHM - Purchased Social Services 0961		
14	Initiative: Allocates funds for child care services.		
15			
16	GENERAL FUND	2013-14	2014-15
17	All Other	\$2,430,000	\$2,430,000
18			
19	GENERAL FUND TOTAL	<u>\$2,430,000</u>	<u>\$2,430,000</u>
20	FHM - Service Center 0957		
21	Initiative: Allocates funds to provide a single point of access for purchasing social		
22	services and to coordinate licensing and auditing.		
23			
24	GENERAL FUND	2013-14	2014-15
25	All Other	\$780,000	\$780,000
26			
27	GENERAL FUND TOTAL	<u>\$780,000</u>	<u>\$780,000</u>
28			
29	HEALTH AND HUMAN SERVICES,		
30	DEPARTMENT OF (FORMERLY DHS)		
31	DEPARTMENT TOTALS	2013-14	2014-15
32			
33	GENERAL FUND	\$15,479,200	\$14,929,200
34			
35	DEPARTMENT TOTAL - ALL FUNDS	<u>\$15,479,200</u>	<u>\$14,929,200</u>
36	PUBLIC SAFETY, DEPARTMENT OF		
37	FHM - Fire Marshal 0964		

1 Initiative: Allocates funds for the Office of the State Fire Marshal to assist in the
2 inspection of day care facilities, nursing homes and medical facilities.

3

4	GENERAL FUND	2013-14	2014-15
5	All Other	\$1,400,000	\$1,400,000
6			
7	GENERAL FUND TOTAL	<u>\$1,400,000</u>	<u>\$1,400,000</u>

8

9	PUBLIC SAFETY, DEPARTMENT OF		
10	DEPARTMENT TOTALS	2013-14	2014-15
11			
12	GENERAL FUND	\$1,400,000	\$1,400,000
13			
14	DEPARTMENT TOTAL - ALL FUNDS	<u>\$1,400,000</u>	<u>\$1,400,000</u>

15

16	SECTION TOTALS	2013-14	2014-15
17			
18	GENERAL FUND	\$20,382,200	\$19,832,200
19			
20	SECTION TOTAL - ALL FUNDS	<u>\$20,382,200</u>	<u>\$19,832,200</u>

21 **Emergency clause.** In view of the emergency cited in the preamble, this
22 legislation takes effect July 1, 2013.

23 **SUMMARY**

24 This bill increases the cigarette tax by \$1.50 per package, from \$2.00 to \$3.50, to
25 help deter the initial use of cigarettes by youth. It includes an appropriations and
26 allocations section to fund certain programs through the Fund for a Healthy Maine and
27 provides that any remaining funds must be used to retire debts owed to health care
28 providers for services provided prior to December 1, 2012.