

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 1627

H.P. 1163

House of Representatives, March 21, 1997

An Act to Promote Healthy Maine Families.

Reference to the Committee on Health and Human Services suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Speaker MITCHELL of Vassalboro.
Cosponsored by President LAWRENCE of York and
Representatives: BERRY of Livermore, DAVIDSON of Brunswick, GREEN of Monmouth,
PIEH of Bremen, SAXL of Portland, TRIPP of Topsham, Senators: LONGLEY of Waldo,
PINGREE of Knox.

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

Sec. 1. 22 MRSA §1580-E is enacted to read:

§1580-E. Youth Smoking Prevention Fund

The Youth Smoking Prevention Fund is established as a nonlapsing, dedicated fund, referred to in this section as the "fund," to substantially reduce the prevalence of tobacco use and abuse among the youth of the State. The fund is under the control of the Bureau of Health to be used for staff salaries, administrative expenses, public information, increased enforcement efforts and public relations campaigns and other expenses related to the purpose of the fund.

Sec. 2. 22 MRSA §3174-G, sub-§1, as enacted by PL 1989, c. 502, Pt. A, §72, is amended to read:

1. **Delivery of services.** The department shall provide for the delivery of federally approved Medicaid services to qualified pregnant women up to 60 days following delivery ~~and infants up to one year of age~~ when the woman's ~~or child's~~ family income is below 185% of the nonfarm income official poverty line ~~and children under 5 years of age and;~~ to qualified elderly and disabled persons, when the ~~child's or~~ person's family income is below 100% of the nonfarm income official poverty line; ~~to children under 21 years of age when the child's family income is below 200% of the nonfarm income official poverty line; and to employed adults with children under 21 years of age when the adult's family income is below 150% of the nonfarm income official poverty level and to those same adults during a period of unemployment. Prescription drug benefits must be provided to qualified elderly persons when the person's family income is below 185% of the nonfarm income poverty line.~~ The official poverty line shall ~~must~~ be that applicable to a family of the size involved, as defined by the Federal Office of Management and Budget and revised annually in accordance with the United States Omnibus Budget Reconciliation Act of 1981, Section 673, Subsection 2. ~~These services shall be effective October 1, 1988.~~

Sec. 3. 36 MRSA §3174-G, sub-§2, as enacted by PL 1989, c. 502, Pt. A, §72, is amended to read:

2. **Resource test.** The department may not apply a resource test to those children and pregnant women and to elderly persons eligible for prescription drug benefit who are made eligible under this section, unless these persons also receive Aid to Families with Dependent Children or United States Supplemental Security Income benefits.

2
3 **Sec. 4. 36 MRSA §3174-G, sub-§4** is enacted to read:

4 4. Rulemaking. The department shall adopt rules to
5 implement the provisions of this section. Rules adopted pursuant
6 to this subsection are routine technical rules as defined in
7 Title 5, chapter 375, subchapter II-A.

8 **Sec. 5. 36 MRSA §4365, first ¶**, as amended by PL 1989, c. 588,
9 Pt. D, §1, is further amended to read:

10 A tax is imposed on all cigarettes held in this State by any
11 person for sale, the tax to be at the rate of 15.5 mills for each
12 cigarette beginning October 1, 1989; 16.5 mills for each
13 cigarette beginning January 1, 1991; and 18.5 mills for each
14 cigarette beginning July 1, 1991; and 45.0 mills for each
15 cigarette beginning December 1, 1997. Payment of the tax shall
16 must be evidenced by the affixing of stamps to the packages
17 containing the cigarettes. If a federal program similar to that
18 provided in Title 22, section 3185, becomes effective, this tax
19 is reduced by one mill for each cigarette. The Governor shall
20 determine by proclamation when the federal program has become
21 effective. Nothing contained in this chapter shall may be
22 construed to impose a tax on any transaction, the taxation of
23 which by this State is prohibited by the Constitution of the
24 United States.

25 **Sec. 6. 36 MRSA §§4365-D and 4365-E** are enacted to read:

26 **§4365-D. Rate of tax beginning December 1, 1997**

27 Beginning December 1, 1997, the following provisions apply
28 to cigarettes held for resale on that date.

29 1. Stamped rate. Cigarettes stamped at the rate of 18.5
30 mills per cigarette and held for resale after November 30, 1997
31 are subject to tax at the rate of 45.0 mills per cigarette.

32 2. Liability. A person possessing cigarettes for resale is
33 liable for the difference between the tax rate of 45.0 mills per
34 cigarette and the tax rate of 18.5 mills per cigarette in effect
35 before December 1, 1997. Stamps indicating payment of the tax
36 imposed by this section must be affixed to all packages of
37 cigarettes held for resale as of December 1, 1997, except that
38 cigarettes held in vending machines as of that date do not
39 require that stamp.

40 3. Vending machines. Notwithstanding any other provision
41 of this chapter, it is presumed that all cigarette vending
42 machines are filled to capacity on December 1, 1997 and the tax
43 imposed by this section must be reported on that basis. A credit
44

2 against this inventory tax must be allowed for cigarettes stamped
3 at the 45.0 mill rate placed in vending machines before December
4 1, 1997.

5 4. Payment. Payment of the tax imposed by this section
6 must be made to the State Tax Assessor before February 15, 1998,
7 accompanied by forms prescribed by the State Tax Assessor and
8 credited to the Healthy Families Fund established in section
9 4365-E.

10 **§4365-E. Healthy Families Fund**

11 There is established, within the Department of Human
12 Services, as a nonlapsing, dedicated fund, the Healthy Families
13 Fund to fund the Youth Smoking Prevention Fund and to provide the
14 expanded Medicaid coverage authorized in this Act. Any funds
15 deposited in the Healthy Families Fund must be used only to fund
16 the amounts appropriated to the Youth Smoking Prevention Fund and
17 for Medicaid coverage authorized by this Act and may not be used
18 to provide other levels of coverage or coverage to other persons
19 under the Medicaid program.

20 **Sec. 7. 36 MRSA §4403, sub-§§1 and 2,** as amended by PL 1989, c.
21 588, Pt. D, §4, are further amended to read:

22 **1. Smokeless tobacco.** A tax is imposed on all smokeless
23 tobacco, including chewing tobacco and snuff, at the rate of 50%
24 of the wholesale sales price beginning October 1, 1989; 55% of
25 the wholesale sales price beginning January 1, 1991; and 62% of
26 the wholesale sales price beginning July 1, 1991; and 124% of the
27 wholesale sales price beginning December 1, 1997.

28 A person possessing smokeless tobacco for resale is liable for
29 the difference between the tax rate of 150% of the wholesale
30 sales price and the tax rate of 62% of the wholesale sales price
31 in effect before December 1, 1997. Payment of the tax imposed by
32 this section must be made to the State Tax Assessor before
33 February 15, 1998, accompanied by forms prescribed by the State
34 Tax Assessor and credited to the Healthy Families Fund
35 established in section 4365-E.

36 **2. Other tobacco.** A tax is imposed on cigars, pipe tobacco
37 and other tobacco intended for smoking at the rate of 13% of the
38 wholesale sales price beginning October 1, 1989; 14% of the
39 wholesale sales price beginning January 1, 1991; and 16% of the
40 wholesale sales price beginning July 1, 1991; and 39% of the
41 wholesale sales price beginning December 1, 1997.

42 A person possessing cigars, pipe tobacco and other tobacco
43 intended for smoking for resale is liable for the difference
44 between the tax rate of 150% of the wholesale sales price and the
45 tax rate of 39% of the wholesale sales price in effect before
46 December 1, 1997.

2 between the tax rate of 39% of the wholesale sales price and the
4 tax rate of 16% of the wholesale sales price in effect before
6 December 1, 1997. Payment of the tax imposed by this section
8 must be made to the State Tax Assessor before February 15, 1998,
10 accompanied by forms prescribed by the State Tax Assessor and
12 credited to the Healthy Families Fund established in section
14 4365-E.

16 **Sec. 8. Effective date.** The section of this Act that amends the
18 Maine Revised Statutes, Title 22, section 3174-G, subsection 1,
20 takes effect January 1, 1998.

22 SUMMARY

24 This bill promotes healthy families by establishing the
26 Youth Smoking Prevention Fund to reduce the prevalence of tobacco
28 use and abuse by Maine youth. It increases the number of
children and working adults eligible for Medicaid and provides
prescription drug benefits to the qualified elderly. The bill
also increases the tax on tobacco products and dedicates the
funding from the increase to the Youth Smoking Prevention Fund
and to the expanded Medicaid program, which is funded out of a
new Healthy Families Fund. It is estimated that the tax increase
will raise \$53,000,000, of which \$10,000,000 will be spent on
enforcement and education and the balance will provide health
care services to the elderly, children and working parents.