

MAINE STATE LEGISLATURE

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L.D. 674

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MINORITY
TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 519, L.D. 674, Bill, "An Act to Change the Ad Valorem Tax on Certain Smokeless Tobacco Products to a Weight-based Tax"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 36 MRSA §4401, sub-§3-A is enacted to read:

3-A. Moist snuff. "Moist snuff" means any finely cut, ground or powdered tobacco that is intended to be placed in the mouth, but does not include dry snuff.

Sec. 2. 36 MRSA §4401, sub-§9, as enacted by PL 1985, c. 783, §16, is amended to read:

9. Tobacco products. "Tobacco products" means cigars; cheroots; stogies; periques' granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; moist snuff; dry snuff; snuff flour; cavendish; plug and twist tobacco; finecut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco; and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking; but shall does not include tobacco products which that are subject to the tax provided by chapter 703.

Sec. 3. 36 MRSA §4403, sub-§1, as amended by PL 1989, c. 588, Pt. D, §4, is repealed and the following enacted in its place:

1. Smokeless tobacco. A tax is imposed on all smokeless tobacco, including chewing tobacco and snuff, at the following rates:

A. Sixty-two percent of the wholesale sales price on smokeless tobacco other than moist snuff; and

B. One dollar and fifty-three cents on moist snuff sold in package units of 1.2 ounces or less, with a proportionate tax at the rate of \$1.28 per ounce on each fractional part of an ounce of moist snuff greater than 1.2 ounces. For purposes of the tax on moist snuff, the tax must be computed based on the net weight as listed by the manufacturer.'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

	2001-02	2002-03
REVENUES		
General Fund	\$105,702	\$91,182
Other Funds	178	222

The change to the tax on moist snuff will increase General Fund revenue from the tobacco products tax by \$102,398 in fiscal year 2001-02 and \$87,051 in fiscal year 2002-03.

This same tax change will increase sales and use tax collections by \$3,482 in fiscal year 2001-02 and \$4,353 in fiscal year 2002-03. The increase in these tax collections will increase the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those years by \$178 and \$222, respectively. The resulting net increase in General Fund revenue will be \$3,304 in fiscal year 2001-02 and \$4,131 in fiscal year 2002-03.

Because current laws provide that the tax on moist snuff increases with the price of the product, the bill will result in an annual loss of General Fund revenue beginning in fiscal year 2004-05.'

SUMMARY

This amendment clarifies the definitions of "tobacco products" and "moist snuff" and provides that the tax on moist

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snuff will be \$1.53 for package units of 1.2 ounces or less and
\$1.28 per ounce proportionally for larger packages. The
amendment also adds a fiscal note to the bill.

COMMITTEE AMENDMENT