

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 209

H.P. 168

House of Representatives, January 21, 2003

An Act to Increase the Tax on All Tobacco Products

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative SUSLOVIC of Portland.
Cosponsored by Senator STRIMLING of Cumberland and
Representatives: CUMMINGS of Portland, DUDLEY of Portland, FAIRCLOTH of Bangor,
LAVERRIERE-BOUCHER of Biddeford, PERRY of Calais, PINGREE of North Haven,
SIMPSON of Auburn.

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

4 **Sec. 1. 36 MRSA §4365**, as amended by PL 2001, c. 439, Pt. SSSS, §1 and affected by §4, is further amended to read:

6 **§4365. Rate of tax**

8 A tax is imposed on all cigarettes imported into this State
10 or held in this State by any person for sale at the rate of 47
12 62.5 mills for each cigarette. Payment of the tax is evidenced
14 by the affixing of stamps to the packages containing the
16 cigarettes. If an individual purchases in any one month
unstamped packages containing cigarettes in a quantity greater
than 2 cartons from a person other than a licensed distributor or
dealer, the tax may be assessed directly against the purchaser by
the State Tax Assessor within 3 years from the date of the
purchase.

18 **Sec. 2. 36 MRSA §4365-E**, as enacted by PL 2001, c. 439, Pt. SSSS, §2, is repealed.

22 **Sec. 3. 36 MRSA §4365-F** is enacted to read:

24 **§4365-F. Application of cigarette tax rate increase effective
October 1, 2003**

26 The following provisions apply to cigarettes held for resale
28 on October 1, 2003.

30 1. **Stamped rate.** Cigarettes stamped at the rate of 50
32 mills per cigarette and held for resale after September 30, 2003
are subject to tax at the rate of 62.5 mills per cigarette.

34 2. **Liability.** A person possessing cigarettes for resale is
36 liable for the difference between the tax rate of 62.5 mills per
cigarette and the tax rate of 50 mills per cigarette in effect
38 before October 1, 2003. Stamps indicating payment of the tax
imposed by this section must be affixed to all packages of
40 cigarettes held for resale as of October 1, 2003, except that
cigarettes held in vending machines as of that date do not
require that stamp.

42 3. **Vending machines.** Notwithstanding any other provision
44 of this chapter, it is presumed that all cigarette vending
machines are filled to capacity on October 1, 2003 and that the
46 tax imposed by this section must be reported on that basis. A
credit against this inventory tax must be allowed for cigarettes
48 stamped at the rate of 62.5 mills per cigarette placed in vending
machines before October 1, 2003.

2 **4. Payment.** Payment of the tax imposed by this section
3 must be made to the State Tax Assessor by January 1, 2004,
4 accompanied by forms prescribed by the assessor.

6 **Sec. 4. 36 MRSA §4366-A, sub-§2, ¶¶B and C,** as enacted by PL
7 2001, c. 439, Pt. SSSS, §3, are amended to read:

8 B. For stamps at the face value of 47 mills sold prior to
9 July 1, 2002, 2.16%; and

10 C. For stamps at the face value of 47 mills sold on or
11 after July 1, 2002, 2.03%; and

12 **Sec. 5. 36 MRSA §4366-A, sub-§2, ¶¶D and E** are enacted to read:

13 D. For stamps at the face value of 62.5 mills sold prior to
14 July 1, 2003, 1.62%; and

15 E. For stamps at the face value of 62.5 mills sold on or
16 after July 1, 2003, 1.52%.

17 **Sec. 6. 36 MRSA §4366-D,** as enacted by PL 2001, c. 450, Pt.
18 D, §1, is repealed.

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

21 **1. Smokeless tobacco.** A tax is imposed on all smokeless
22 tobacco, including chewing tobacco and snuff, at the rate of 50%
23 of the wholesale sales price beginning October 1, 1989; 55% of
24 the wholesale sales price beginning January 1, 1991; and 62% of
25 the wholesale sales price beginning July 1, 1991; and 77.5% of
26 the wholesale sales price beginning October 1, 2003.

27 **2. Other tobacco.** A tax is imposed on cigars, pipe tobacco
28 and other tobacco intended for smoking at the rate of 13% of the
29 wholesale sales price beginning October 1, 1989; 14% of the
30 wholesale sales price beginning January 1, 1991; and 16% of the
31 wholesale sales price beginning July 1, 1991; and 20% of the
32 wholesale sales price beginning October 2003.

33 **Sec. 8. Effective date.** That section of this Act that amends
34 the Maine Revised Statutes, Title 36, section 4365 takes effect
35 October 1, 2003.

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SUMMARY

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4 This bill increases the tax on cigarettes and other tobacco
6 products by 25%. This translates to an additional tax of 25¢ per
pack of 20 cigarettes. The tax increase takes effect October 1,
2003.