

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1617

H.P. 1140

House of Representatives, May 3, 2005

An Act To Reduce Tobacco Use and Improve Health

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CUMMINGS of Portland.
Cosponsored by Representative: PINGREE of North Haven.

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

4
6 **Whereas,** the health of the citizens of the State of Maine is
of paramount interest; and

8 **Whereas,** this legislation provides a source of funding for
health care programs integral to the health of Maine citizens; and

10
12 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
14 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

16
18 **Be it enacted by the People of the State of Maine as follows:**

20 **Sec. 1. 36 MRSA §4365,** as amended by PL 2003, c. 705, §6, is
further amended to read:

22 **§4365. Rate of tax**

24 A tax is imposed on all cigarettes imported into this State
or held in this State by any person for sale at the rate of 47
26 125 mills for each cigarette. Payment of the tax is evidenced by
the affixing of stamps to the packages containing the cigarettes.

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30 SSSS, §2, is repealed.

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

34 **§4365-F. Application of cigarette tax rate increase effective**
July 1, 2005

36 The following provisions apply to cigarettes held for resale
38 on July 1, 2005.

40 1. Stamped rate. Cigarettes stamped at the rate of 50
42 mills per cigarette and held for resale after June 30, 2005 are
subject to tax at the rate of 125 mills per cigarette.

44 2. Liability. A person possessing cigarettes for resale is
46 liable for the difference between the tax rate of 125 mills per
cigarette and the tax rate of 50 mills per cigarette in effect
48 before July 1, 2005. Stamps indicating payment of the tax
imposed by this section must be affixed to all packages of
50 cigarettes held for resale as of July 1, 2005, except that
cigarettes held in vending machines as of that date do not
require that stamp.

2 3. Vending machines. Notwithstanding any other provision
3 of this chapter, it is presumed that all cigarette vending
4 machines are filled to capacity on July 1, 2005 and that the tax
5 imposed by this section must be reported on that basis. A credit
6 against this inventory tax must be allowed for cigarettes stamped
7 at the rate of 50 mills per cigarette placed in vending machines
8 before July 1, 2005.

10 4. Payment. Payment of the tax imposed by this section
11 must be made to the State Tax Assessor by October 1, 2005,
12 accompanied by forms prescribed by the assessor.

14 **Sec. 4. 36 MRSA §4366-A, sub-§2, ¶¶A and B,** as enacted by PL
15 2001, c. 439, Pt. SSSS, §3, are amended to read:

16 A. For stamps at the face value of ~~37 50~~ mills sold through
17 ~~September-30,-2001,-2.5%~~ June 30, 2005, 2.03%; and

18 B. For stamps at the face value of ~~47 125~~ mills sold ~~prie~~
19 ~~te-July-1,-2002,-2.16%,-and~~ on or after July 1, 2005, 1.15%.

22 **Sec. 5. 36 MRSA §4366-A, sub-§2, ¶C,** as enacted by PL 2001, c.
23 439, Pt. SSSS, §3, is repealed.

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

26 **Sec. 7. 36 MRSA §4385** is enacted to read:

27 **§4385. Distribution of cigarette tax revenue**

28 A portion of the revenue generated from the tax imposed
29 pursuant to section 4365 must be allocated annually by the
30 Commissioner of Health and Human Services to the health-related
31 purposes specified in this section.

32 **1. Partnership for a Tobacco-Free Maine and Healthy Maine**
33 **Partnerships.** To support the work of the Partnership for a
34 Tobacco-Free Maine and the Healthy Maine Partnerships, or their
35 successor programs, \$14,837,000 of the revenue generated pursuant
36 to section 4365 must be distributed annually to the following
37 programs in the following amounts:

38 A. To create and maintain a website for interactive tobacco
39 treatment counseling, \$250,000;

40 B. To enhance administration and enforcement of existing
41 state programs to prevent youth in the State from gaining
42 access to tobacco and to protect them from exposure to
43 secondhand smoke, \$457,000;

2 C. To increase the number of school health coordinators
across the State, \$11,630,000; and

4 D. To cover the costs associated with the recommendations
of the Commission to Study Public Health related to
6 encouraging healthy diets and physical fitness among youth,
including educational campaigns, \$2,500,000.

8 2. Community-based programs. To enhance community-based
10 disease prevention and health promotion, \$11,660,000 of the
revenue generated pursuant to section 4365 must be distributed
12 annually to the following programs in the following amounts:

14 A. To increase the number of school-based health centers
across the State, \$2,160,000;

16 B. To provide primary health care to low-income uninsured
18 and underinsured patients in medically underserved areas of
the State, \$3,000,000; and

20 C. To implement the disease prevention and health promotion
22 provisions of the State Health Plan described under Title 2,
chapter 5 at the community level, \$6,500,000.

24 3. Other. The sum of \$50,000,000 from revenue generated
26 pursuant to section 4365 must be distributed annually to
28 health-related programs other than those listed in subsections 1
and 2, including for support and stabilization of MaineCare.

30 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect July 1, 2005.

32

34 **SUMMARY**

36 This bill increases the cigarette excise tax from \$1 to
38 \$2.50 per pack and allocates the new revenue to a variety of
health-related purposes. It also reduces accordingly the
40 percentage discount paid to distributors for tax stamps that the
distributors purchase and affix.