

MAINE STATE LEGISLATURE

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TAXATION

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**STATE OF MAINE
SENATE
123RD LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 417, L.D. 1169, Bill, "An Act Relating to Uncollectible Cigarette and Tobacco Taxes"

Amend the bill in section 1 in subsection 4-B in the 4th line (page 1, line 6 in L.D.) by inserting after the following: "distributor" the following: "in accordance with generally accepted accounting principles"

Amend the bill in section 1 in subsection 4-B in the first blocked paragraph in the 1st line (page 1, line 8 in L.D.) by inserting after the following: "is allowed only" the following: "at the discounted rate for which the tax stamps in question were purchased pursuant to section 4366-A, subsection 2 and may be taken only"

Amend the bill in section 2 in subsection 2 in paragraph B in the first blocked paragraph in the 4th line (page 2, line 12 in L.D.) by inserting after the following: "distributor" the following: "in accordance with generally accepted accounting principles"

Amend the bill by inserting after section 2 the following:

Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Revenue Services - Bureau of 0002**

Initiative: Provides one-time funds for the computer programming costs associated with the cigarette tax credit for worthless accounts.

GENERAL FUND	2007-08	2008-09
All Other	\$30,000	\$0
GENERAL FUND TOTAL	\$30,000	\$0

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COMMITTEE AMENDMENT "A" to S.P. 417, L.D. 1169

1

SUMMARY

2 This amendment clarifies that the methods used to charge off uncollectible debt
3 conform to generally accepted accounting principles. It also establishes the distributor's
4 discounted rate as the basis for the credit.

5

FISCAL NOTE REQUIRED

6

(See attached)

**123rd MAINE LEGISLATURE****LD 1169****LR 1605(02)****An Act Relating to Uncollectible Cigarette and Tobacco Taxes****Fiscal Note for Bill as Amended by Committee Amendment "A "****Committee: Taxation****Fiscal Note Required: Yes**

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	\$87,000	\$57,000	\$57,000	\$57,000
Appropriations/Allocations				
General Fund	\$30,000	\$0	\$0	\$0
Revenue				
General Fund	(\$57,000)	(\$57,000)	(\$57,000)	(\$57,000)

Fiscal Detail and Notes

The General Fund revenue loss from the credit for uncollectible cigarette taxes is estimated to be \$57,000 annually. This bill also includes a one-time General Fund appropriation of \$30,000 in fiscal year 2007-08 for Maine Revenue Services' computer programming costs associated with this change. In addition, the Governor's proposed budget for the 2008-2009 biennium, LD 499, includes a proposal to increase the cigarette tax by \$1.00 per package. This estimate may need to be revisited depending on final Legislative action on LD 499.