

# MAINE STATE LEGISLATURE

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Date: 4-15-08

(Filing No. H-1014)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
123RD LEGISLATURE  
FIRST SPECIAL SESSION

HOUSE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1608,  
L.D. 2247, Bill, "An Act To Continue Maine's Leadership in Covering the Uninsured"

Amend the amendment in Part E, section 3 in §6915 in the first paragraph in the 3rd line (page 2, line 39 in amendment) by inserting after the following: "individuals," the following: 'revenues transferred pursuant to Title 28-A, chapter 65 and Title 36, chapters 704 and 720,'

Amend the amendment in Part E, section 3 in §6915 in the first paragraph in the 7th line (page 3, line 2 in amendment) by striking out the following: "20%" and inserting the following: '17.6%'

Amend the amendment in Part E, section 3 in §6915 in the first paragraph in the 7th line (page 3, line 2 in amendment) by inserting after the following: "from" the following: 'revenues transferred pursuant to Title 28-A, chapter 65 and Title 36, chapters 704 and 720,'

Amend the amendment on page 3 by inserting after Part E, section 14 the following:

**'Sec. E-15. Transfers to Dirigo Health Enterprise Fund in fiscal year 2008-09.** Notwithstanding the Maine Revised Statutes, Title 28-A, section 1652, subsection 5; Title 36, section 4853; and Title 36, section 4404-D, the total fiscal year-to-date budget projection excludes any period in fiscal year 2008-09 prior to the effective date of this Part.

Amend the bill in Part E by striking out all of section 16.'

Amend the amendment by striking out all of Part F and inserting the following:

**'PART F**

**Sec. F-1. 28-A MRSA §1652, sub-§1,** as repealed and replaced by PL 1987, c. 342, §116, is amended to read:

**1. Excise tax on malt liquor.** An excise tax is imposed on the privilege of manufacturing and selling malt liquor in the State. The Maine manufacturer or importing wholesale licensee shall pay an excise tax of 25¢ per gallon on all malt liquor sold in the

1 State that is manufactured by a manufacturer that produced a total of less than 100,000  
2 barrels of malt liquor in the previous calendar year and 54¢ per gallon on all other malt  
3 liquor sold in the State.

4 **Sec. F-2. 28-A MRSA §1652, sub-§2**, as amended by PL 1997, c. 767, §4, is  
5 repealed and the following enacted in its place:

6 **2. Excise tax on wine; hard cider.** An excise tax is imposed on the privilege of  
7 manufacturing and selling wine and hard cider in the State. The Maine manufacturer or  
8 importing wholesale licensee shall pay an excise tax of:

9 B. Thirty cents per gallon on all wine, other than sparkling wine, that is  
10 manufactured by a manufacturer that produced a total of less than 20,000 gallons of  
11 wine, other than sparkling wine, in the previous calendar year;

12 C. Sixty-five cents per gallon on all wine, other than sparkling wine and except as  
13 provided in paragraph B, manufactured in or imported into the State;

14 D. One dollar per gallon on all sparkling wine manufactured in or imported into the  
15 State; and

16 E. Twenty-five cents per gallon on all hard cider manufactured in or imported into  
17 the State.

18 **Sec. F-3. 28-A MRSA §1652, sub-§5** is enacted to read:

19 **5. Tax credited to Dirigo Health Enterprise Fund.** The State Controller shall  
20 transfer by the 15th of each month from General Fund revenues to the Dirigo Health  
21 Enterprise Fund established under Title 24-A, section 6915 the amount of tax collected  
22 pursuant to this section that exceeds the total fiscal year-to-date budget projection for that  
23 tax revenue as of the close of the preceding month based on the tax rate for malt liquor  
24 and wine, except sparkling wine, that was in effect on July 1, 2008. For purposes of this  
25 section, "budget projection" is the amount derived from the March 1, 2008 report of the  
26 Revenue Forecasting Committee established under Title 5, section 1710-E regarding the  
27 tax that is imposed by this section, as determined on a monthly basis by the State Tax  
28 Assessor.

29 **Sec. F-4. Effective date.** This Part takes effect August 1, 2008.

30 **PART G**

31 **Sec. G-1. 36 MRSA c. 720** is enacted to read:

32 **CHAPTER 720**

33 **SOFT DRINK AND SYRUP TAX**

34 **§4851. Definitions**

35 As used in this chapter, unless the context otherwise indicates, the following terms  
36 have the following meanings:

- 1        **1. Bottle.** "Bottle" means any closed or sealed glass, metal, paper or plastic  
2 container or any other type of container regardless of the size or shape of the container.
- 3        **2. Bottled soft drink.** "Bottled soft drink" means any ready-to-consume soft drink  
4 contained in a bottle.
- 5        **3. Distributor, manufacturer or wholesale dealer.** "Distributor, manufacturer or  
6 wholesale dealer" means any person who receives, stores, manufactures, bottles or sells  
7 bottled soft drinks, syrup, simple syrup or powder or base products for mixing,  
8 compounding or making soft drinks for sale to retailers or other manufacturers, wholesale  
9 dealers or distributors for resale purposes.
- 10       **4. Milk.** "Milk" means natural liquid milk regardless of animal source or butterfat  
11 content; natural milk concentrate, whether or not reconstituted, regardless of animal  
12 source or butterfat content; or dehydrated natural milk, whether or not reconstituted.
- 13       **5. Natural fruit juice.** "Natural fruit juice" means the original liquid resulting from  
14 the pressing of fruit, the liquid resulting from the reconstitution of fruit juice concentrate  
15 or the liquid resulting from the restoration of water to dehydrated fruit juice.
- 16       **6. Natural vegetable juice.** "Natural vegetable juice" means the original liquid  
17 resulting from the pressing of vegetables, the liquid resulting from the reconstitution of  
18 vegetable juice concentrate or the liquid resulting from the restoration of water to  
19 dehydrated vegetable juice.
- 20       **7. Nonalcoholic beverage.** "Nonalcoholic beverage" means any beverage not  
21 subject to tax under Title 28-A, Part 4.
- 22       **8. Place of business.** "Place of business" means any place where soft drinks, syrups,  
23 simple syrups or powder or base products are manufactured or any place where bottled  
24 soft drinks, syrup, simple syrup, powder or base product or any other item taxed under  
25 this chapter is received.
- 26       **9. Powder or base product.** "Powder or base product" means a solid mixture of  
27 basic ingredients used in making, mixing or compounding soft drinks by mixing the  
28 powder or other base with water, ice, syrup, simple syrup, fruits, vegetables, fruit juice,  
29 vegetable juice or any other product suitable to make a soft drink.
- 30       **10. Retailer.** "Retailer" means any person, other than a distributor, manufacturer or  
31 wholesale dealer, who receives, stores, mixes, compounds or manufactures any soft drink  
32 and sells or otherwise dispenses the soft drink to the ultimate consumer.
- 33       **11. Sale.** "Sale" means the transfer of title or possession for a valuable consideration  
34 of tangible personal property regardless of the manner by which the transfer is  
35 accomplished.
- 36       **12. Simple syrup.** "Simple syrup" means a mixture of sugar and water.
- 37       **13. Soft drink.** "Soft drink" means any nonalcoholic beverage, whether naturally or  
38 artificially flavored, whether carbonated or noncarbonated, sold for human consumption,  
39 including, but not limited to, soda water, cola and other flavored drinks, any fruit or  
40 vegetable drink containing 10% or less of natural fruit juice or natural vegetable juice and  
41 all other drinks and beverages commonly referred to as soft drinks, but not including  
42 coffee or tea unless the coffee or tea is bottled as a liquid for sale.

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1 14. Syrup. "Syrup" means the liquid mixture of basic ingredients used in making,  
2 mixing or compounding soft drinks by mixing the syrup with water, simple syrup, ice,  
3 fruits, vegetables, fruit juice, vegetable juice or any other product suitable to make a soft  
4 drink.

5 **§4852. Tax rate**

6 1. Tax imposed. There is imposed a tax on every distributor, manufacturer or  
7 wholesale dealer to be calculated as follows:

8 A. Four dollars per gallon of syrup or simple syrup sold or offered for sale;

9 B. Forty-two cents per gallon of bottled soft drinks sold or offered for sale; and

10 C. When a package or container of powder or base product is sold or offered for sale  
11 in the State, the tax on the sale of each package or container is equal to 42¢ for each  
12 gallon of soft drink that may be produced from each package or container by  
13 following the manufacturer's instructions. This tax applies when the powder or base  
14 product is sold to a retailer for sale to the ultimate consumer after the soft drink is  
15 produced by the retailer.

16 2. Purchase from unlicensed seller. A retailer who purchases bottled soft drinks,  
17 syrup, simple syrup or powder or base product from an unlicensed distributor,  
18 manufacturer or wholesale dealer is liable for the tax imposed in subsection 1.

19 **§4853. Tax credited to Dirigo Health enterprise Fund**

20 The State Controller shall transfer by the 15th of each month from General Fund  
21 revenues to the Dirigo Health Enterprise Fund established under Title 24-A, section 6915  
22 the amount of tax collected pursuant to this chapter.

23 **§4854. Exemptions**

24 The following are exempt from the tax imposed by section 4852:

25 1. Sales to Federal Government. Syrups, simple syrups, powder or base products  
26 or soft drinks sold to the Federal Government;

27 2. Products exported from State. Syrups, simple syrups, powder or base products  
28 or soft drinks exported from the State by a distributor, manufacturer or wholesale dealer;

29 3. Coffee or tea base. Any powder or base product used in preparing coffee or tea;

30 4. Juice or vegetable concentrate. Any frozen, freeze-dried or other concentrate to  
31 which only water is added to produce a nonalcoholic beverage containing more than 10%  
32 natural fruit juice or natural vegetable juice;

33 5. Fruit or vegetable juice. Any nonalcoholic beverage containing more than 10%  
34 natural fruit juice or natural vegetable juice;

35 6. Sales to another distributor, manufacturer or wholesale dealer. Syrups,  
36 simple syrups, powders or base products or soft drinks sold by a distributor, manufacturer  
37 or wholesale dealer to a distributor, manufacturer or wholesale dealer who holds a license  
38 under section 4856 if the license number of the distributor, manufacturer or wholesale  
39 dealer to whom the syrups, simple syrups, powder or base products or soft drinks are sold

1 is clearly shown on the invoice for the sale that is claimed to be exempt. This exemption  
2 does not apply to any sale to a retailer;

3 7. Infant formula. Any product, whether sold in liquid or powder form, that is  
4 intended by its manufacturer for consumption by infants and that is commonly referred to  
5 as infant formula;

6 8. Water. Water to which no flavoring, whether artificial or natural, has been added  
7 and that has not been artificially carbonated;

8 9. Dietary aids. Any product, whether sold in liquid or powder form, that is  
9 intended by its manufacturer for use as a dietary supplement or for weight reduction;

10 10. Consumer mix. Any powder or base product that is intended by its  
11 manufacturer to be sold and used for the purpose of domestically mixing soft drinks by  
12 the ultimate consumer; and

13 11. Milk products. Any product containing milk or milk products.

14 **§4855. Reports**

15 A distributor, manufacturer or wholesale dealer and any retailer subject to the tax  
16 imposed by this chapter shall file a monthly return with the assessor and pay the tax on or  
17 before the 15th day of the month following the month in which the sale or purchase was  
18 made. The return must be made on a form prescribed by the assessor. The return must  
19 contain any information the assessor requires for the proper administration of this  
20 chapter. When a retailer is also acting as a distributor, manufacturer or wholesale dealer,  
21 the duty to report and pay the tax imposed by this chapter arises when the property is  
22 transferred to a retail store for sale to the ultimate consumer, as reflected by the records of  
23 the taxpayer.

24 **§4856. Licenses**

25 1. Distributor, manufacturer or wholesale dealer. Any distributor, manufacturer  
26 or wholesale dealer who sells or offers for sale to retailers within the State syrups, simple  
27 syrups, powder or base products or soft drinks shall obtain from the bureau a license for  
28 the privilege of conducting such business within the State.

29 2. Retailer. Any retailer who purchases syrups, simple syrups, powder or base  
30 products or soft drinks from a distributor, manufacturer or wholesale dealer not licensed  
31 under subsection 1 shall obtain a license from the bureau for the privilege of conducting  
32 such business.

33 3. Location; display. Any person required to obtain a license under this section  
34 shall obtain a license for each place of business owned or operated by that person. The  
35 license must be conspicuously displayed at the place of business for which it was issued.

36 **§4857. Penalties**

37 1. Failure to file, pay. A person required to file a return and pay tax under this  
38 chapter is subject to the same penalties as for failure to file and pay sales tax under Part 3.

R. of S.

1 2. Failure to obtain license. A person required to obtain a license under section  
2 4856 who fails to do so is subject to the same penalties as for failure to register as a  
3 retailer under section 1754-B.

4 **§4858. Rules**

5 The assessor may adopt rules under the Maine Administrative Procedure Act to  
6 provide for the administration of this chapter. These rules may provide for a fee to cover  
7 the cost of issuing licenses required under section 4856. Rules adopted pursuant to this  
8 section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

9 **Sec. G-2. Effective date.** This Part takes effect August 1, 2008.

10 **PART H**

11 **Sec. H-1. 36 MRSA §4401, sub-§2-A** is enacted to read:

12 2-A. Little cigar. "Little cigar" means a small cigar, pursuant to Section 5701 of the  
13 Code, weighing not more than 3 pounds per thousand.

14 **Sec. H-2. 36 MRSA §4401, sub-§6-A** is enacted to read:

15 6-A. Roll-your-own tobacco. "Roll-your-own tobacco" means tobacco suitable for  
16 making cigarettes as defined in Section 5702 of the Code.

17 **Sec. H-3. 36 MRSA §4403, sub-§1,** as amended by PL 2005, c. 627, §8, is  
18 further amended to read:

19 **1. Smokeless tobacco.** A tax is imposed on all smokeless tobacco, including  
20 chewing tobacco and snuff, at the rate of ~~78% of the wholesale sales price beginning~~  
21 ~~October 1, 2005~~ \$2.02 per ounce, with a minimum tax of \$2.02 per package.

22 **Sec. H-4. 36 MRSA §4403, sub-§2,** as amended by PL 2005, c. 627, §8, is  
23 further amended to read:

24 **2. Other tobacco.** A tax is imposed on cigars, pipe tobacco and other tobacco  
25 intended for smoking, other than little cigars and roll-your-own tobacco, at the rate of  
26 ~~20%~~ 25% of the wholesale sales price ~~beginning October 1, 2005.~~

27 **Sec. H-5. 36 MRSA §4403, sub-§2-A** is enacted to read:

28 2-A. Little cigars and roll-your-own tobacco. A tax is imposed on little cigars at  
29 the rate of 100 mills per little cigar and on roll-your-own tobacco at the rate of 100 mills  
30 per 0.036 ounce.

31 **Sec. H-6. 36 MRSA §4404-D** is enacted to read:

32 **§4404-D. Tax credited to Dirigo Health Enterprise Fund**

33 The State Controller shall transfer by the 15th of each month from General Fund  
34 revenues to the Dirigo Health Enterprise Fund established under Title 24-A, section 6915  
35 the amount of tax collected pursuant to this chapter that exceeds the total fiscal year-to-  
36 date budget projection for that tax revenue as of the close of the preceding month based  
37 on the tax rate imposed by this chapter that was in effect on July 1, 2008. For purposes of

2008

1 this section, "budget projection" means the amount derived from the March 1, 2008 report  
2 of the Revenue Forecasting Committee established under Title 5, section 1710-E  
3 regarding the tax that is imposed by this chapter, as determined on a monthly basis by the  
4 assessor.

5 **Sec. H-7. Effective date.** This Part takes effect August 1, 2008.

6 **PART I**

7 **Sec. I-1. Transfer of funds; Dirigo Health.** Notwithstanding any other  
8 provision of law, the State Controller shall transfer \$3,400,000 in fiscal year 2008-09  
9 from the Fund for a Healthy Maine to the Dirigo Health Enterprise Fund no later than  
10 June 30, 2009.

11 **PART J**

12 **Sec. J-1. Report regarding Fund for a Healthy Maine.** The Joint Standing  
13 Committee on Health and Human Services shall meet to consider the structure,  
14 accountability and appropriate level of legislative and independent oversight of the Fund  
15 for a Healthy Maine, established in the Maine Revised Statutes, Title 22, section 1511.  
16 The committee shall report back to the Joint Standing Committee on Appropriations and  
17 Financial Affairs by October 1, 2008 with recommendations, including necessary  
18 implementing legislation, for the structure, accountability and appropriate level and type  
19 of oversight of the Fund for a Healthy Maine.

20 The joint standing committee of the Legislature having jurisdiction over health and  
21 human services matters may submit a bill to the First Regular Session of the 124th  
22 Legislature implementing the provisions of the report.

23 **PART K**

24 **Sec. K-1. Appropriations and allocations.** The following appropriations and  
25 allocations are made.

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

28 Initiative: Provides funds for the administrative costs associated with establishing a soft  
29 drink tax and changing the taxation of certain tobacco products, including funds for one  
30 Accounting Associate II position.

31	<b>GENERAL FUND</b>	<b>2007-08</b>	<b>2008-09</b>
32	POSITIONS - LEGISLATIVE COUNT	0.000	1.000
33	Personal Services	\$0	\$54,443
34	All Other	\$0	\$150,558
35			
36	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$205,001</u>



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HOUSE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1608, L.D. 2247

1	<b>ADMINISTRATIVE AND FINANCIAL</b>		
2	<b>SERVICES, DEPARTMENT OF</b>		
3	<b>DEPARTMENT TOTALS</b>	<b>2007-08</b>	<b>2008-09</b>
4			
5	<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$205,001</b>
6			
7	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$205,001</b>
8	<b>DIRIGO HEALTH</b>		
9	<b>Dirigo Health Fund 0988</b>		
10	Initiative: Deallocates funds for Dirigo Health costs that were funded by the savings		
11	offset payment.		
12	<b>DIRIGO HEALTH FUND</b>	<b>2007-08</b>	<b>2008-09</b>
13	All Other	\$0	(\$32,900,000)
14			
15	<b>DIRIGO HEALTH FUND TOTAL</b>	<b>\$0</b>	<b>(\$32,900,000)</b>
16	<b>Dirigo Health Fund 0988</b>		
17	Initiative: Allocates Dirigo Health funds from a health access surcharge of 1.8% on all		
18	paid claims.		
19	<b>DIRIGO HEALTH FUND</b>	<b>2007-08</b>	<b>2008-09</b>
20	All Other	\$0	\$33,000,000
21			
22	<b>DIRIGO HEALTH FUND TOTAL</b>	<b>\$0</b>	<b>\$33,000,000</b>
23	<b>Dirigo Health Fund 0988</b>		
24	Initiative: Allocates funds transferred from the Fund for a Healthy Maine.		
25	<b>DIRIGO HEALTH FUND</b>	<b>2007-08</b>	<b>2008-09</b>
26	All Other	\$0	\$3,400,000
27			
28	<b>DIRIGO HEALTH FUND TOTAL</b>	<b>\$0</b>	<b>\$3,400,000</b>
29	<b>Dirigo Health Fund 0988</b>		

Ads

HOUSE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1608, L.D. 2247

1 Initiative: Allocates funds from the tobacco products tax changes related to smokeless  
2 tobacco.

3	<b>DIRIGO HEALTH FUND</b>	<b>2007-08</b>	<b>2008-09</b>
4	All Other	\$0	\$1,696,780
5			
6	<b>DIRIGO HEALTH FUND TOTAL</b>	<b>\$0</b>	<b>\$1,696,780</b>

7 **Dirigo Health Fund 0988**

8 Initiative: Allocates funds from the tobacco products tax changes related to little cigars  
9 and roll-your-own tobacco.

10	<b>DIRIGO HEALTH FUND</b>	<b>2007-08</b>	<b>2008-09</b>
11	All Other	\$0	\$3,094,423
12			
13	<b>DIRIGO HEALTH FUND TOTAL</b>	<b>\$0</b>	<b>\$3,094,423</b>

14 **Dirigo Health Fund 0988**

15 Initiative: Allocates funds from revenue generated from the new tax on soft drinks.

16	<b>DIRIGO HEALTH FUND</b>	<b>2007-08</b>	<b>2008-09</b>
17	All Other	\$0	\$9,200,000
18			
19	<b>DIRIGO HEALTH FUND TOTAL</b>	<b>\$0</b>	<b>\$9,200,000</b>

20 **Dirigo Health Fund 0988**

21 Initiative: Allocates funds from the revenue generated from the increased excise tax on  
22 malt beverages and wine.

23	<b>DIRIGO HEALTH FUND</b>	<b>2007-08</b>	<b>2008-09</b>
24	All Other	\$0	\$7,499,937
25			
26	<b>DIRIGO HEALTH FUND TOTAL</b>	<b>\$0</b>	<b>\$7,499,937</b>

27 **Dirigo Health Fund 0988**

28 Initiative: Allocates funds from increasing the other tobacco products tax from 20% to  
29 25% of the wholesale sales price.

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HOUSE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1608, L.D. 2247

1	<b>DIRIGO HEALTH FUND</b>	<b>2007-08</b>	<b>2008-09</b>
2	All Other	\$0	\$263,937
3			
4	<b>DIRIGO HEALTH FUND TOTAL</b>	<hr/>	<hr/>
		\$0	\$263,937
5	<b>DIRIGO HEALTH</b>		
6	<b>DEPARTMENT TOTALS</b>	<b>2007-08</b>	<b>2008-09</b>
7			
8	<b>DIRIGO HEALTH FUND</b>	\$0	\$25,255,077
9			
10	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<hr/>	<hr/>
		\$0	\$25,255,077
11	<b>SECTION TOTALS</b>	<b>2007-08</b>	<b>2008-09</b>
12			
13	<b>GENERAL FUND</b>	\$0	\$205,001
14	<b>DIRIGO HEALTH FUND</b>	\$0	\$25,255,077
15			
16	<b>SECTION TOTAL - ALL FUNDS</b>	<hr/>	<hr/>
17		\$0	\$25,460,078

18 Amend the amendment by relettering or renumbering any nonconsecutive Part letter  
19 or section number to read consecutively.

20 **SUMMARY**

21 This amendment makes the following changes.

22 It reduces the percentage of revenue that must be transferred from the Dirigo Health  
23 Enterprise Fund to the Maine Individual Reinsurance Association from 20% to 17.6%.  
24 The intended effect of this reduction is to reduce the amount in the Reserve Association  
25 Reserve by approximately \$3,400,000.

26 Part F increases the excise tax on malt beverages, except for manufacturers of less  
27 than 100,000 barrels annually, from 25 cents per gallon to 54 cents per gallon. Part F also  
28 increases, except for manufacturers of less than 20,000 gallons annually, the excise tax on  
29 wine manufactured or distributed in this State from 30 cents per gallon to 65 cents per  
30 gallon.

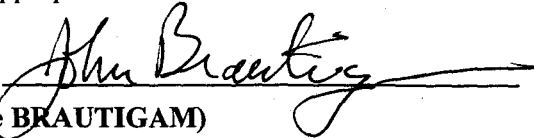
31 Part G imposes a new tax on syrup used to make soft drinks at the rate of \$4 per  
32 gallon of syrup and 42 cents per gallon of bottled soft drinks and soft drinks produced  
33 using powder.

34 Part H changes the rate of taxation for tobacco products as follows:

**HOUSE AMENDMENT**

R. of S.

HOUSE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1608, L.D. 2247

- 1           1. The rate of tax on tobacco products intended for smoking, except for cigarettes,
- 2 little cigars and roll-your-own tobacco, is increased from 20% of the wholesale price to
- 3 25% of the wholesale price;
- 4           2. The tax on little cigars and roll-your-own tobacco is taxed at a rate equivalent to a
- 5 tax on cigarettes of \$2.00 per pack; and
- 6           3. The tax on smokeless tobacco is changed from an ad valorem rate of 78% of the
- 7 wholesale price to a weight-based tax of \$2.02 per ounce, with a minimum tax of \$2.02
- 8 per package.
- 9           Part I transfers \$3,400,000 from the Fund for a Healthy Maine to the Dirigo Health
- 10 Enterprise Fund.
- 11           Part J requires the Joint Standing Committee on Health and Human Services to meet
- 12 and consider the structure, accountability and appropriate level of legislative and
- 13 independent oversight of the Fund for a Healthy Maine and submit a report to the Joint
- 14 Standing Committee on Appropriations and Financial Affairs. This Part also allows a bill
- 15 to be submitted to the 124th Legislature regarding the findings of the Joint Standing
- 16 Committee on Health and Human Services.
- 17           Part K adds an appropriations and allocations section.
- 18 **SPONSORED BY:** 
- 19           **(Representative BRAUTIGAM)**
- 20           **TOWN: Falmouth**

**FISCAL NOTE REQUIRED**  
**(See attached)**

**HOUSE AMENDMENT**



# 123rd MAINE LEGISLATURE

LD 2247

LR 3143(12)

## An Act To Continue Maine's Leadership in Covering the Uninsured

Fiscal Note for House Amendment "*C*" to Committee Amendment "A"

Sponsor: Rep. Brautigam of Falmouth

Fiscal Note Required: Yes

### Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$376,395	\$190,341	\$180,307
Fund for a Healthy Maine	\$0	\$3,400,000	\$0	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$161,144	\$65,134	\$68,023
Dirigo Health Fund	\$0	(\$3,181,740)	(\$3,063,873)	(\$2,696,239)
<b>Revenue</b>				
General Fund	\$0	(\$215,251)	(\$125,207)	(\$112,284)
Other Special Revenue Funds	\$0	(\$11,568)	(\$6,868)	(\$6,159)
Dirigo Health Fund	\$0	(\$6,581,740)	(\$3,063,873)	(\$2,696,240)
<b>Transfers</b>				
Fund for a Healthy Maine	\$0	(\$3,400,000)	\$0	\$0
Dirigo Health Fund	\$0	\$3,400,000	\$0	\$0

### Fiscal Detail and Notes

The fiscal note reflects the incremental difference between the amendment and Committee Amendment "A".

This amendment eliminates the proposed increases in the cigarette tax and other tobacco products tax, which reduces General Fund revenue by \$904,254 in fiscal year 2008-09 and reduces revenue for the Dirigo Health Fund by \$28,502,356 in fiscal year 2008-09. It also eliminates the General Fund appropriation of \$43,857 in fiscal year 2008-09 for Maine Revenue Services.

The changes to other tobacco products taxes will increase revenue in the Dirigo Health Fund by \$5,220,679 in fiscal year 2008-09 and increase General Fund revenue by \$247,721 in fiscal year 2008-09.

The increase in the excise tax on beer and wine will increase revenue in the Dirigo Health Fund by \$7,499,937 in fiscal year 2008-09 and increase General Fund revenue by \$441,281 in fiscal year 2008-09.

The soft drink tax will increase revenue in the Dirigo Health Fund by \$9,200,000 in fiscal year 2008-09.

The amendment's revenue changes would also reduce the contribution Dirigo Health would make to the Maine Individual Reinsurance Association beginning July 1, 2009.

This amendment includes a General Fund appropriation of \$205,001 in fiscal year 2008-09 for Maine Revenue Services' administrative costs.

The amendment also transfers \$3,400,000 in fiscal year 2008-09 from the Fund for a Healthy Maine to the Dirigo Health Enterprise Fund no later than June 30, 2009.

<b>Dirigo Health Fund Summary</b>	<b>2008-09</b>	<b>Projections 2009-10</b>	<b>Projections 2010-11</b>
<b>Revenue\Transfers Changes:</b>			
Elimination of the savings offset payment	(\$32,900,000)	(\$32,800,000)	(\$32,800,000)
Paid claims surcharge	\$33,000,000	\$37,080,000	\$38,192,400
Tobacco product taxes	\$5,220,679	\$5,979,259	\$6,163,210
Soft drink tax	\$9,200,000	\$11,649,500	\$11,859,191
Excise tax on beer and wine	\$7,499,937	\$8,181,749	\$8,181,749
Transfer from Fund for a Healthy Maine	\$3,400,000	\$0	\$0
Revenue Changes	<u>\$25,420,616</u>	<u>\$30,090,508</u>	<u>\$31,596,550</u>
<b>Allocation Changes:</b>			
Payment to reinsurance program	\$0	\$11,068,729	\$11,333,793
Elimination of the savings offset payment	(\$32,900,000)	(\$32,800,000)	(\$32,800,000)
Allocation for Paid claims surcharge	\$33,000,000	\$30,553,920	\$31,470,538
Allocation for tobacco product taxes	\$5,220,679	\$4,926,909	\$5,078,485
Allocation for soft drink tax	\$9,200,000	\$9,599,188	\$9,771,973
Allocation for excise tax on beer and wine	\$7,499,937	\$6,741,761	\$6,741,761
Transfer from Fund for a Healthy Maine	\$3,400,000	\$0	\$0
Allocation Changes	<u>\$25,420,616</u>	<u>\$30,090,508</u>	<u>\$31,596,550</u>