

MAINE STATE LEGISLATURE

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A. O. S.

Date: 6/13/11

(Filing No. H-616)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
125TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 419, L.D. 536, Bill, "An Act To Help Deter Youth Smoking and To Help Smokers Quit"

Amend the bill by striking out all of section 5 and inserting the following:

'Sec. 5. 36 MRSA §4381 is repealed and the following enacted in its place:

§4381. Disposition of revenue

The revenue derived from the tax imposed by this chapter and described in section 4365-G must be distributed as follows:

1. General Fund. One hundred mills per cigarette must be deposited to the General Fund;

2. Fund for a Healthy Maine. Twenty-five mills per cigarette must be deposited in the Fund for a Healthy Maine;

3. Tax Relief Fund for Maine Residents. Twenty-five mills per cigarette must be deposited in the Tax Relief Fund for Maine Residents established in Title 5, section 1518-A; and

4. Nursing facilities fund. Twenty-five mills per cigarette must be deposited in the nursing facilities fund account in the Department of Health and Human Services.

Sec. 6. Appropriations and allocations. The following appropriations and allocations are made.

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

Initiative: Appropriates funds to notify all cigarette distributors and retailers, print and mail floor stock returns, print and mail interim tax stamps, manually track the new process and follow up with noncompliant taxpayers.

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT "A" to H.P. 419, L.D. 536

AMR

1	GENERAL FUND	2011-12	2012-13
2	Personal Services	\$14,500	\$14,500
3			
4	GENERAL FUND TOTAL	<u>\$14,500</u>	<u>\$14,500</u>
5	ADMINISTRATIVE AND FINANCIAL		
6	SERVICES, DEPARTMENT OF		
7	DEPARTMENT TOTALS	2011-12	2012-13
8			
9	GENERAL FUND	\$14,500	\$14,500
10			
11	DEPARTMENT TOTAL - ALL FUNDS	<u>\$14,500</u>	<u>\$14,500</u>
12	HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)		
13	FHM - Bureau of Health 0953		
14	Initiative: Provides funds for tobacco treatment counseling by a tobacco help line.		
15	FUND FOR A HEALTHY MAINE	2011-12	2012-13
16	All Other	\$800,000	\$400,000
17			
18	FUND FOR A HEALTHY MAINE TOTAL	<u>\$800,000</u>	<u>\$400,000</u>
19	Nursing Facilities 0148		
20	Initiative: Allocates funds for MaineCare nursing facility services.		
21	OTHER SPECIAL REVENUE FUNDS	2011-12	2012-13
22	All Other	\$28,050,191	\$27,561,076
23			
24	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$28,050,191</u>	<u>\$27,561,076</u>
25	HEALTH AND HUMAN SERVICES,		
26	DEPARTMENT OF (FORMERLY DHS)		
27	DEPARTMENT TOTALS	2011-12	2012-13
28			
29	FUND FOR A HEALTHY MAINE	\$800,000	\$400,000
30	OTHER SPECIAL REVENUE FUNDS	\$28,050,191	\$27,561,076
31			
32	DEPARTMENT TOTAL - ALL FUNDS	<u>\$28,850,191</u>	<u>\$27,961,076</u>

1	SECTION TOTALS	2011-12	2012-13
2			
3	GENERAL FUND	\$14,500	\$14,500
4	FUND FOR A HEALTHY MAINE	\$800,000	\$400,000
5	OTHER SPECIAL REVENUE FUNDS	\$28,050,191	\$27,561,076
6			
7	SECTION TOTAL - ALL FUNDS	<u>\$28,864,691</u>	<u>\$27,975,576</u>
8			

9 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
10 section number to read consecutively.

11 **SUMMARY**

12 The amendment provides for an allocation of \$1.50 that will be generated by the
13 cigarette tax increase among the Fund for a Healthy Maine account, the Tax Relief Fund
14 for Maine Residents account and the Nursing Facilities Other Special Revenue Funds
15 account in the Department of Health and Human Services. The amendment also replaces
16 the appropriations and allocations section.

17 **FISCAL NOTE REQUIRED**

18 **(See attached)**



125th MAINE LEGISLATURE

LD 536

LR 1472(02)

An Act To Help Deter Youth Smoking and To Help Smokers Quit

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Net Cost (Savings)				
General Fund	\$19,554,234	\$18,889,697	\$18,226,479	\$17,584,570
Fund for a Healthy Maine	\$800,000	\$400,000	\$400,000	\$400,000
Appropriations/Allocations				
General Fund	\$14,500	\$14,500	\$14,500	\$14,500
Fund for a Healthy Maine	\$800,000	\$400,000	\$400,000	\$400,000
Other Special Revenue Funds	\$28,050,191	\$27,561,076	\$27,080,568	\$26,607,233
Revenue				
General Fund	(\$19,539,734)	(\$18,875,197)	(\$18,211,979)	(\$17,570,070)
Other Special Revenue Funds	\$84,171,073	\$82,702,728	\$81,261,204	\$79,840,699

Fiscal Detail and Notes

Increasing the cigarette tax from \$2.00 to \$3.50 per package of 20 and decreasing the discount rate for cigarette tax stamps from 1.15% to .75% effective July 1, 2011 will result in (1) a General Fund loss of \$19,929,234 in fiscal year 2011-12 and \$19,245,697 in fiscal year 2012-13 due to a drop in demand for over 9 million packs per year in sales, and (2) a sales tax revenue increase to the General Fund of \$389,500 in fiscal year 2012 and \$370,500 in fiscal year 2012-13 and a proportional increase to revenue sharing of \$20,500 in fiscal year 2011-12 and \$19,500 in fiscal year 2012-13. The bill as amended credits revenue derived from the cigarette tax rate change at 75 additional mills per cigarette as follows: 25 mills to the Fund for a Healthy Maine, 25 mills to the Tax Relief Fund for Maine Residents and 25 mills to the Nursing Facilities Other Special Revenue Funds account in the Department of Health and Human Services, with a resulting gain to Other Special Revenue Funds of \$84,150,573 in fiscal year 2011-12 and \$82,683,227 in fiscal year 2012-13.

CA(H-616)

This bill as amended also includes an appropriation of \$14,500 commencing in fiscal year 2011-12 for MRS to establish new tax rates, adapt forms and stamps, manually track the new process and to follow-up with any non-compliant taxpayers. MRS notes that the state may be placed at a greater risk of a tax stamp receivable default due to bonding issues that may be faced by the industry as a result of the cigarette tax increase. Also provides a Fund for a Healthy Maine allocation of \$800,000 in 2011-12 and \$400,000 in 2012-13 for tobacco treatment counseling by a tobacco help line.