

# MAINE STATE LEGISLATURE

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SMC  
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REPORT C

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L.D. 945

Date: 7-17-17

(Filing No. H-561)

REPORT C  
TAXATION

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
128TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 673, L.D. 945, Bill, "An Act To Reduce the Burden of Tobacco-related Illness by Increasing Revenue from the Cigarette Tax for Use for Tobacco Cessation"

Amend the bill in section 2 in §4365-G in subsection 1 in the last line (page 1, line 8 in L.D.) by striking out the following: "175" and inserting the following: '150'

Amend the bill in section 2 in §4365-G in subsection 2 in the 2nd line (page 1, line 10 in L.D.) by striking out the following: "175" and inserting the following: '150'

Amend the bill in section 2 in §4365-G in subsection 3 in the 4th line (page 1, line 18 in L.D.) by striking out the following: "175" and inserting the following: '150'

Amend the bill in section 3 by striking out all of paragraph D (page 1, line 24 in L.D.) and inserting the following:

'D. For stamps at the face value of ~~100~~ 150 mills, the discount rate is ~~1.15%~~ 0.82%.'

Amend the bill in section 4 in §4366-E in the first paragraph in the 2nd line (page 1, line 28 in L.D.) by striking out the following: "75" and inserting the following: '50'

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

'Sec. 5. 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 funding for administrative costs related to increasing the cigarette tax from \$2 to \$3 per pack.

COMMITTEE AMENDMENT

R. O. S.

COMMITTEE AMENDMENT "B" to H.P. 673, L.D. 945

|   |                           |                 |                |
|---|---------------------------|-----------------|----------------|
| 1 | <b>GENERAL FUND</b>       | <b>2017-18</b>  | <b>2018-19</b> |
| 2 | All Other                 | \$31,000        | \$0            |
| 3 |                           |                 |                |
| 4 | <b>GENERAL FUND TOTAL</b> | <u>\$31,000</u> | <u>\$0</u>     |

|    |                                     |                        |                   |
|----|-------------------------------------|------------------------|-------------------|
| 5  | <b>ADMINISTRATIVE AND FINANCIAL</b> |                        |                   |
| 6  | <b>SERVICES, DEPARTMENT OF</b>      |                        |                   |
| 7  | <b>DEPARTMENT TOTALS</b>            | <b>2017-18</b>         | <b>2018-19</b>    |
| 8  |                                     |                        |                   |
| 9  | <b>GENERAL FUND</b>                 | <b>\$31,000</b>        | <b>\$0</b>        |
| 10 |                                     |                        |                   |
| 11 | <b>DEPARTMENT TOTAL - ALL FUNDS</b> | <u><b>\$31,000</b></u> | <u><b>\$0</b></u> |

12 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)**  
 13 **Maine Center for Disease Control and Prevention 0143**  
 14 Initiative: Appropriates funds for tobacco use prevention and cessation.

|    |                           |                    |                    |
|----|---------------------------|--------------------|--------------------|
| 15 | <b>GENERAL FUND</b>       | <b>2017-18</b>     | <b>2018-19</b>     |
| 16 | All Other                 | \$8,100,000        | \$8,100,000        |
| 17 |                           |                    |                    |
| 18 | <b>GENERAL FUND TOTAL</b> | <u>\$8,100,000</u> | <u>\$8,100,000</u> |

19 **Medical Care - Payments to Providers 0147**  
 20 Initiative: Appropriates funds for tobacco use cessation medications and counseling  
 21 provided to MaineCare members.

|    |                           |                    |                  |
|----|---------------------------|--------------------|------------------|
| 22 | <b>GENERAL FUND</b>       | <b>2017-18</b>     | <b>2018-19</b>   |
| 23 | All Other                 | \$1,000,000        | \$750,000        |
| 24 |                           |                    |                  |
| 25 | <b>GENERAL FUND TOTAL</b> | <u>\$1,000,000</u> | <u>\$750,000</u> |

|    |                                     |                           |                           |
|----|-------------------------------------|---------------------------|---------------------------|
| 26 | <b>HEALTH AND HUMAN SERVICES,</b>   |                           |                           |
| 27 | <b>DEPARTMENT OF (FORMERLY DHS)</b> |                           |                           |
| 28 | <b>DEPARTMENT TOTALS</b>            | <b>2017-18</b>            | <b>2018-19</b>            |
| 29 |                                     |                           |                           |
| 30 | <b>GENERAL FUND</b>                 | <b>\$9,100,000</b>        | <b>\$8,850,000</b>        |
| 31 |                                     |                           |                           |
| 32 | <b>DEPARTMENT TOTAL - ALL FUNDS</b> | <u><b>\$9,100,000</b></u> | <u><b>\$8,850,000</b></u> |

**COMMITTEE AMENDMENT**

A. of S.

COMMITTEE AMENDMENT "B" to H.P. 673, L.D. 945

|   |                                  |                    |                    |
|---|----------------------------------|--------------------|--------------------|
| 1 | <b>SECTION TOTALS</b>            | <b>2017-18</b>     | <b>2018-19</b>     |
| 2 |                                  |                    |                    |
| 3 | <b>GENERAL FUND</b>              | <b>\$9,131,000</b> | <b>\$8,850,000</b> |
| 4 |                                  |                    |                    |
| 5 | <b>SECTION TOTAL - ALL FUNDS</b> | <b>\$9,131,000</b> | <b>\$8,850,000</b> |
| 6 |                                  |                    |                    |

7 **SUMMARY**

8 This amendment changes the amount of the increase in the tax on cigarettes from  
9 \$1.50 per pack of 20 cigarettes to \$1.00 per pack.

10 This amendment also adjusts the appropriations and allocations in the bill to reflect  
11 the change in the tax proposed in the amendment.

12 **FISCAL NOTE REQUIRED**

13 (See attached)



# 128th MAINE LEGISLATURE

LD 945

LR 1860(03)

## An Act To Reduce the Burden of Tobacco-related Illness by Increasing Revenue from the Cigarette Tax for Use for Tobacco Cessation

Fiscal Note for Bill as Amended by Committee Amendment *B (H-561)*

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

|                                   | FY 2017-18     | FY 2018-19     | Projections<br>FY 2019-20 | Projections<br>FY 2020-21 |
|-----------------------------------|----------------|----------------|---------------------------|---------------------------|
| <b>Net Cost (Savings)</b>         |                |                |                           |                           |
| General Fund                      | (\$17,016,770) | (\$32,549,522) | (\$32,331,371)            | (\$32,076,401)            |
| <b>Appropriations/Allocations</b> |                |                |                           |                           |
| General Fund                      | \$9,131,000    | \$8,850,000    | \$8,850,000               | \$8,850,000               |
| <b>Revenue</b>                    |                |                |                           |                           |
| General Fund                      | \$26,147,770   | \$41,399,522   | \$41,181,371              | \$40,926,401              |
| Other Special Revenue Funds       | \$7,686        | \$12,000       | \$30,000                  | \$29,500                  |

### Fiscal Detail and Notes

The bill includes General Fund appropriations to the Department of Health and Human Services of \$9,100,000 in fiscal year 2017-18 and \$8,850,000 in fiscal year 2018-19 for tobacco use prevention and cessation services.

The bill increases the cigarette tax from \$2.00 to \$3.00 per pack and would increase General Fund revenue by \$26,147,770 in fiscal year 2017-18 and \$41,399,522 in fiscal year 2018-19. It would also increase Local Government Fund revenue by \$7,686 in fiscal year 2017-18 and \$12,000 in fiscal year 2018-19. The bill includes a one-time General Fund appropriation of \$31,000 in fiscal year 2017-18 to the Bureau of Revenue Services for administrative costs related to the cigarette tax increase.