



130th MAINE LEGISLATURE

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Legislative Document

No. 1423

H.P. 1039

House of Representatives, April 12, 2021

An Act To Prevent and Reduce Tobacco Use by Ensuring Adequate Funding for Tobacco Use Prevention and Cessation Programs and by Raising the Tax on Tobacco Products and To Provide Funding To Reduce Disparities in Health Outcomes Based on Certain Factors

Received by the Clerk of the House on April 8, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative McCREIGHT of Harpswell.
Cosponsored by Senator CHIPMAN of Cumberland and
Representatives: CLOUTIER of Lewiston, MILLETT of Cape Elizabeth, TERRY of Gorham,
WARREN of Hallowell, ZAGER of Portland, Senators: CYRWAY of Kennebec, MOORE of
Washington.

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

2 **Sec. 1. 22 MRSA §273** is enacted to read:

3 **§273. Funding requirements**

4 The amount annually appropriated and used for the program may not be less than the
5 lesser of:

6 **1. Tobacco products revenue and Fund for a Healthy Maine funds.** The amount
7 of tax collected on tobacco products in accordance with Title 36, sections 4365-G and 4403
8 plus funds available in the Fund for a Healthy Maine; and

9 **2. Recommended funding level.** The funding level recommended for this State by
10 the United States Department of Health and Human Services, Centers for Disease Control
11 and Prevention pursuant to its determination for state tobacco control programs.

12 **Sec. 2. 36 MRSA §4365**, as amended by PL 2005, c. 457, Pt. AA, §1 and affected
13 by §8, is further amended to read:

14 **§4365. Rate of tax**

15 A tax is imposed on all cigarettes imported into this State or held in this State by any
16 person for sale at the rate of ~~400~~ 200 mills for each cigarette. Payment of the tax is
17 evidenced by the affixing of stamps to the packages containing the cigarettes.

18 **Sec. 3. 36 MRSA §4365-F**, as enacted by PL 2005, c. 457, Pt. AA, §3 and affected
19 by §8, is repealed.

20 **Sec. 4. 36 MRSA §4365-G** is enacted to read:

21 **§4365-G. Application of cigarette tax rate increase effective November 1, 2021**

22 The following provisions apply to cigarettes held for resale on November 1, 2021.

23 **1. Stamped rate.** Cigarettes stamped at the rate of 100 mills per cigarette and held
24 for resale after October 31, 2021 are subject to tax at the rate of 200 mills per cigarette.

25 **2. Liability.** A person possessing cigarettes for resale is liable for the difference
26 between the tax rate of 200 mills per cigarette and the tax rate of 100 mills per cigarette in
27 effect before November 1, 2021. Stamps indicating payment of the tax imposed by this
28 section must be affixed to all packages of cigarettes held for resale as of November 1, 2021,
29 except that cigarettes held in vending machines as of that date do not require that stamp.

30 **3. Vending machines.** Notwithstanding any other provision of this chapter, it is
31 presumed that all cigarette vending machines are filled to capacity on November 1, 2021,
32 and the tax imposed by this section must be reported on that basis. A credit against this
33 inventory tax must be allowed for cigarettes stamped at the rate of 200 mills per cigarette
34 placed in vending machines before November 1, 2021.

35 **4. Payment.** Payment of the tax imposed by this section must be made to the assessor
36 by January 1, 2022, accompanied by forms prescribed by the assessor.

37 **Sec. 5. Appropriations and allocations.** The following appropriations and
38 allocations are made.

39 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF**

1 **Maine Center for Disease Control and Prevention 0143**
 2 Initiative: Appropriates funds for tobacco use prevention and cessation to attain, for the
 3 2022-2023 biennium, the amount recommended for the State by the United States
 4 Department of Health and Human Services, Centers for Disease Control and Prevention.

5	GENERAL FUND	2021-22	2022-23
6	All Other	\$7,000,000	\$7,000,000
7			
8	GENERAL FUND TOTAL	<u>\$7,000,000</u>	<u>\$7,000,000</u>

9 **Maine Center for Disease Control and Prevention 0143**
 10 Initiative: Appropriates funds for the 2022-2023 biennium only in order to allow the Maine
 11 Center for Disease Control and Prevention to research, identify and reduce health
 12 disparities in health care outcomes based on race, ethnicity, sexual orientation, gender
 13 identification, income, educational attainment or geographic location.

14	GENERAL FUND	2021-22	2022-23
15	All Other	\$10,000,000	\$10,000,000
16			
17	GENERAL FUND TOTAL	<u>\$10,000,000</u>	<u>\$10,000,000</u>

18			
19	HEALTH AND HUMAN SERVICES,		
20	DEPARTMENT OF		
21	DEPARTMENT TOTALS	2021-22	2022-23
22			
23	GENERAL FUND	\$17,000,000	\$17,000,000
24			
25	DEPARTMENT TOTAL - ALL FUNDS	<u>\$17,000,000</u>	<u>\$17,000,000</u>

26 **Sec. 6. Effective date.** Those sections of this Act that amend the Maine Revised
 27 Statutes, Title 36, section 4365 and that repeal Title 36, section 4365-F take effect
 28 November 1, 2021.

29 **SUMMARY**
 30 This bill ensures future funding for the Tobacco Prevention and Control Program
 31 administered by the Department of Health and Human Services, Bureau of Health by
 32 requiring funding for the program to be a minimum of the actual revenue collected on the
 33 sales of all tobacco products plus available funds in the Fund for a Healthy Maine or the
 34 amount of funding for state tobacco control programs as determined by the United States
 35 Department of Health and Human Services, Centers for Disease Control and Prevention
 36 and recommended for Maine, whichever is less.

37 This bill increases the cigarette tax from \$2.00 per pack of 20 cigarettes to \$4.00 per
 38 pack of 20 cigarettes, beginning November 1, 2021. Because the tax on other tobacco
 39 products is determined by the tax on cigarettes, this bill, by operation of law, increases the
 40 tax on other tobacco products, such as cigars and smokeless tobacco, by the same
 41 percentage change as the increase in the tax on cigarettes.

1 Finally, this bill provides funding in fiscal years 2021-22 and 2022-23 to the
2 Department of Health and Human Services, Maine Center for Disease Control and
3 Prevention as follows:

4 1. For the purposes of tobacco use prevention and cessation, \$7,000,000 annually in
5 order to attain the amount of funding recommended by the federal Centers for Disease
6 Control and Prevention; and

7 2. To allow the center to research, identify and reduce health disparities in health care
8 outcomes based on race, ethnicity, sexual orientation, gender identification, income,
9 educational attainment or geographic location, \$10,000,000 annually, but only for the
10 2022-2023 biennium.