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.

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

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

§273. Funding requirements

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

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

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

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

§4365. Rate of tax

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

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 AA, §3 and affected by §8, is repealed.

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

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

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

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

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

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

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

Sec. 5. Appropriations and allocations. The following appropriations and allocations are made.

HEALTH AND HUMAN SERVICES, DEPARTMENT OF
Maine Center for Disease Control and Prevention 0143

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

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Other</td>
<td>$7,000,000</td>
<td>$7,000,000</td>
</tr>
</tbody>
</table>

| GENERAL FUND TOTAL | $7,000,000 | $7,000,000 |

Maine Center for Disease Control and Prevention 0143

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

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Other</td>
<td>$10,000,000</td>
<td>$10,000,000</td>
</tr>
</tbody>
</table>

| GENERAL FUND TOTAL | $10,000,000 | $10,000,000 |

HEALTH AND HUMAN SERVICES,
DEPARTMENT OF
DEPARTMENT TOTALS

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$17,000,000</td>
<td>$17,000,000</td>
</tr>
</tbody>
</table>

| DEPARTMENT TOTAL - ALL FUNDS | $17,000,000 | $17,000,000 |

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

SUMMARY

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

This bill increases the cigarette tax from $2.00 per pack of 20 cigarettes to $4.00 per
pack of 20 cigarettes, beginning November 1, 2021. Because the tax on other tobacco
products is determined by the tax on cigarettes, this bill, by operation of law, increases the
tax on other tobacco products, such as cigars and smokeless tobacco, by the same
percentage change as the increase in the tax on cigarettes.
Finally, this bill provides funding in fiscal years 2021-22 and 2022-23 to the Department of Health and Human Services, Maine Center for Disease Control and Prevention as follows:

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

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