An Act To Tax the Extraction of Water for Certain Commercial Purposes and Fund Water Quality Programs

Reference to the Committee on Taxation suggested and ordered printed.

Presented by Representative MELARAGNO of Auburn.
Cosponsored by Representatives: ACKLEY of Monmouth, COOPER of Yarmouth, HILLIARD of Belgrade, HOGAN of Old Orchard Beach, KORNFIELD of Bangor, PIERCE of Falmouth, TUCKER of Brunswick, VACHON of Scarborough.
Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA c. 370-A is enacted to read:

CHAPTER 370-A
EXTRACTION OF WATER FOR BOTTLING

§2831. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Bottled water operator. "Bottled water operator" means a person engaged in the business of bottling or packaging water for sale.

§2832. Excise tax

1. Imposition of tax. Beginning with the extraction of water occurring on or after October 1, 2017, an excise tax is imposed on each bottled water operator that extracted more than 1,000,000 gallons of water in the previous calendar year for the privilege of engaging in the business of extracting groundwater or surface water from springs or other underground sources within the State for commercial bottling for sale.

2. Rate of tax. The excise tax under this section is imposed at a rate of 1¢ per 25 gallons of water extracted in the State.

3. Payment. A bottled water operator shall prepare and submit to the bureau a monthly report according to procedures and schedules specified by the bureau showing the total gallons of water extracted for bottling during the preceding month and other information required by the bureau and shall pay excise tax under this section each month to the bureau at the time the report is submitted.

4. Records. A bottled water operator shall keep a record of all water extracted in this State by that bottled water operator.

§2833. Application of revenues

All revenues received by the bureau under this chapter after reduction for administrative costs must be credited to a General Fund suspense account. No later than the last day of each month, the State Controller shall transfer all such revenues to the Maine Water Quality Testing and Monitoring Fund established in Title 38, section 424-E.

Sec. 2. 38 MRSA §424-C is enacted to read:

§424-C. Maine Well Water Testing Grant Program

1. Establishment. The Maine Well Water Testing Grant Program, referred to in this section as "the program," is established to provide grants to public and private entities in
the State to facilitate the testing for heavy metals, bacteria and other contaminants of
drinking water from a well or other private water supply used by an entity.

2. Administration. The department may administer the program and shall disburse
revenue from the Maine Water Quality Testing and Monitoring Fund established under
section 424-E for the purposes of the program based on approved grant requests from
public and private applicants in accordance with subsection 4. Costs incurred by the
department in the development and administration of the program are paid with revenue
in the Maine Water Quality Testing and Monitoring Fund in a manner consistent with
section 424-E.

3. Audit. Revenue from the Maine Water Quality Testing and Monitoring Fund
established under section 424-E disbursed by the program is subject to audit as
determined by the department, and the recipient of any such funding must agree to be
subject to audit and to cooperate with the auditor as a condition of receiving funding.

4. Eligibility criteria; priorities. The department may disburse grants under the
program to any public or private entity demonstrating that the well or other private water
supply used by the entity as the primary source for drinking water has not been tested for
heavy metals, bacteria or other contaminants within the 3 years prior to the filing of the
grant application. The department shall request financial information from each applicant
and shall prioritize the awarding of grants under the program to low-income applicants
and to applicants demonstrating to the department's satisfaction, based on information
submitted with the application, that the drinking water used by the applicant is likely to
be contaminated.

5. Rules. The department may adopt rules to implement this section. Rules adopted
pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375,
subchapter 2-A.

Sec. 3. 38 MRSA §424-D is enacted to read:

§424-D. Lake water quality monitoring and support program

1. Program established. The commissioner shall contract with a private
organization, through a competitive bidding process, to establish and administer a
program to monitor and support lake water quality in the State, as described in subsection
2, as long as the commissioner determines that sufficient funds are available pursuant to
subsection 3 to support the program and that a suitable private organization is available to
establish and administer the program.

2. Program activities. The lake water quality monitoring and support program
established pursuant to subsection 1 shall engage in the following activities to support
lake water quality in the State:

A. The program shall provide for the distribution of educational or informational
material on measures relating to the monitoring, maintenance and improvement of
lake water quality in the State;
B. The program shall train, certify and provide technical support to individuals and entities that monitor lake water quality in the State, assess watershed health and function and screen lakes for invasive aquatic plants and animals; and

C. The program shall facilitate the gathering and compilation of data relating to lake water quality in the State and shall distribute or otherwise make that data available to interested individuals and entities, including state agencies.

3. Program funding. The lake water quality monitoring and support program established pursuant to subsection 1 is funded from the Maine Water Quality Testing and Monitoring Fund, established under section 424-E, and any other sums that are appropriated by the Legislature or transferred from time to time by the State Controller.

Sec. 4. 38 MRSA §424-E is enacted to read:

§424-E. Maine Water Quality Testing and Monitoring Fund

1. Fund established. The Maine Water Quality Testing and Monitoring Fund, referred to in this section as "the fund," is established as a dedicated, nonlapsing fund administered by the department for the purpose of providing funds, in accordance with subsection 3, to support activities under the Maine Well Water Testing Program established under section 424-C and the lake water quality monitoring and support program under section 424-D.

2. Sources of funding. The fund consists of any money received from the following sources:

A. Revenues transferred by the State Controller under Title 36, section 2833;

B. Contributions from private sources;

C. Federal funds and awards; and

D. Any other sums that are appropriated by the Legislature or transferred from time to time by the State Controller.

3. Distributions. Except as provided in subsection 4, the department shall apply the money in the fund in accordance with the following breakdown:

A. Eighty-five percent of the money distributed by the fund in any calendar year must support activities under the Maine Well Water Testing Program established under section 424-C; and

B. Fifteen percent of the money distributed by the fund in any calendar year must support activities under the lake water quality monitoring and support program under section 424-D.

4. Administrative costs. Costs incurred by the department in the development and administration of the fund or in the development and administration or oversight of the programs established under sections 424-C or 424-D may be paid with revenues in the fund, except that such costs may not exceed 10% of the total revenues credited to the fund in any calendar year.
SUMMARY

This bill creates an excise tax of 1¢ per 25 gallons of groundwater or surface water extracted from springs or other underground sources in this State by a bottled water operator that extracted more than 1,000,000 gallons in the previous calendar year if the water is packaged for sale. The revenues from the tax are transferred to a newly created Maine Water Quality Testing and Monitoring Fund to be administered by the Department of Environmental Protection. Of the money transferred, 85% will support well water testing and 15% will support lake water quality monitoring and support.