

129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1074

H.P. 797

House of Representatives, March 5, 2019

An Act To Establish a Tax on Water Extracted for Bottling in Order To Secure the Economic Future of Rural Maine

Reference to the Committee on Taxation suggested and ordered printed.

R(+ B. Hunt

ROBERT B. HUNT Clerk

Presented by Representative GRAMLICH of Old Orchard Beach. Cosponsored by Senator CARPENTER of Aroostook and Representatives: COLLINGS of Portland, EVANGELOS of Friendship, PLUECKER of Warren, Senators: CHENETTE of York, CHIPMAN of Cumberland. 1 Be it enacted by the People of the State of Maine as follows:

Sec. 1. 20-A MRSA §11611, sub-§5, as amended by PL 2011, c. 642, §1, is
 further amended to read:

5. Institution of higher education. "Institution of higher education" means an 4 institution of higher education located within this State that meets the requirements of and 5 conforms to the definitions contained in the federal Higher Education Act of 1965, 6 Section 1201, as amended, United States Code, Title 20, Section 1141; and the federal 7 Higher Education Act of 1965, Section 491, as amended, United States Code, Title 20, 8 9 Section 1088; and the regulations, guidelines and procedures promulgated by the Secretary of Education and published in the Federal Register pursuant to these sections of 10 11 law. "Institution of higher education" includes a postsecondary trade school located within the State that is determined by the authority to meet standards adopted by the 12 authority for providing eligible programs of study. 13

- 14 Sec. 2. 36 MRSA c. 370-A is enacted to read:
- 15 CHAPTER 370-A
 - **EXTRACTION OF WATER FOR BOTTLING**

17 §2831. Definitions

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- As used in this chapter, unless the context otherwise indicates, the following terms
 have the following meanings.
- 20 <u>1. Bottled water operator.</u> "Bottled water operator" means a person engaged in the
 21 business of bottling or packaging water for sale.

22 §2832. Excise tax

- **1. Imposition of tax.** Beginning with the extraction of water occurring on or after
 November 1, 2019, an excise tax is imposed on each bottled water operator that extracted
 more than 1,500,000 gallons of groundwater or surface water from springs or other
 underground sources within the State for commercial bottling for sale in the previous
 calendar year for the privilege of engaging in the business of extracting such water.
- 28 2. Rate of tax. The excise tax under subsection 1 is imposed at a rate of 12¢ per
 29 gallon of water extracted in the State.

30 3. Payment. Each bottled water operator shall prepare and submit to the bureau by
 31 the 15th of each month a return according to procedures and schedules specified by the
 32 bureau reporting the total of the gallons of water extracted for bottling during the
 33 preceding month and other information required by the bureau and shall pay excise tax
 34 under this section each month to the bureau at the time the report is submitted.

4. Records. A bottled water operator shall preserve for a period of at least 3 years a
 record of the amount of all water extracted in this State by that bottled water operator.

1 §2833. Application of revenues

2 <u>All revenues received by the bureau under this chapter after reduction for</u> 3 <u>administrative costs must be credited to the Water Trust Fund established under section</u> 4 <u>2834.</u>

5 §2834. Water Trust Fund

6 <u>1. Establishment.</u> The Water Trust Fund, referred to in this section as "the fund," is
 7 established to improve the economy of the State, especially in rural areas, by providing
 8 additional funding to support the creation and maintenance of high-speed broadband
 9 communications in every part of the State and to support the postsecondary education of
 10 students in the State.

2. Administration. The Finance Authority of Maine, established under Title 10,
 chapter 110, shall administer the fund and may cause the receipts of the fund from the tax
 under section 2832 to be invested and reinvested in accordance with standards defined in
 Title 18-B, sections 802 to 807 and Title 18-B, chapter 9 and shall disburse revenue from
 the fund, after subtraction of usual and customary administrative expenses, as follows:

 A. Sixty-five percent of the revenue credited to the fund must be transferred to the Municipal Gigabit Broadband Network Access Fund, established in Title 35-A, section 9211-A, to be used to support the purposes of that fund under Title 35-A, section 9211-A, subsection 3.

B. Thirty-five percent of the revenue credited to the fund must be used to support
 grants under the Maine State Grant Program, established in Title 20-A, chapter
 419-A, for up to 2 years' tuition at an institution of higher education.

3. Audit. The fund must be audited annually by the State Auditor, and the recipient
 of any funding from the fund under paragraph A or B must agree to be subject to audit
 and to cooperate with the auditor as a condition of receiving funding.

26 §2835. Rules

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27 <u>The department may adopt rules to implement this chapter. Rules adopted pursuant to</u> 28 <u>this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.</u>

Sec. 3. Application. This Act first applies to bottled water operators as defined in
 the Maine Revised Statutes, Title 36, section 2831, subsection 1 that extracted more than
 1,500,000 gallons of water in this State in calendar year 2018.

SUMMARY

This bill creates an excise tax of 12¢ per gallon on the extraction of groundwater or surface water for commercial bottling for sale. Revenue from the tax must be used to improve the economy of the State by supporting the expansion and improvement of highspeed broadband access and by providing tuition grants for up to 2 years for postsecondary education.