



130th MAINE LEGISLATURE

FIRST REGULAR SESSION-2021

Legislative Document

No. 1335

H.P. 986

House of Representatives, March 30, 2021

**An Act To Provide for Exemption from the Sales Tax for Basic
Needs Products and Offset the Loss of Revenue**

Reference to the Committee on Taxation suggested and ordered printed.

Handwritten signature of Robert B. Hunt in cursive.

ROBERT B. HUNT
Clerk

Presented by Representative TEPLER of Topsham.
Cosponsored by Senator BREEN of Cumberland and
Representatives: COLLINGS of Portland, GRAMLICH of Old Orchard Beach, MATLACK of
St. George, SACHS of Freeport, TERRY of Gorham, Senator: CHIPMAN of Cumberland.

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

2 **Sec. 1. 36 MRSA §1752, sub-§3-B**, as amended by PL 2019, c. 231, Pt. A, §§5
3 and 6, is further amended to read:

4 **3-B. Grocery staples.** "Grocery staples" means food products ordinarily consumed
5 for human nourishment and certain basic needs products as specified in this subsection.

6 "Grocery staples" does not include:

7 A. Spirituous, malt or vinous liquors;

8 B. Medicines, tonics, vitamins and preparations sold as dietary supplements or
9 adjuncts, except when sold on the prescription of a physician;

10 C. Water, including mineral bottled and carbonated waters and ice;

11 D. Dietary substitutes;

12 E. Candy and confections, including but not limited to confectionery spreads. As used
13 in this paragraph, "candy" means a preparation of sugar, honey or other natural or
14 artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or
15 flavorings in the form of bars, drops or pieces;

16 F. Prepared food;

17 G. The following food and drinks ordinarily sold for consumption without further
18 preparation:

19 (1) Soft drinks and powdered and liquid drink mixes except powdered milk, infant
20 formula, coffee and tea;

21 (2) Sandwiches and salads;

22 (3) Supplemental meal items such as corn chips, potato chips, crisped vegetable
23 or fruit chips, potato sticks, pork rinds, pretzels, crackers, popped popcorn, cheese
24 sticks, cheese puffs and dips;

25 (4) Fruit bars, granola bars, trail mix, breakfast bars, rice cakes, popcorn cakes,
26 bread sticks and dried sugared fruit;

27 (5) Nuts and seeds that have been processed or treated by salting, spicing,
28 smoking, roasting or other means;

29 (6) Desserts and bakery items, including but not limited to doughnuts, cookies,
30 muffins, dessert breads, pastries, croissants, cakes, pies, ice cream cones, ice
31 cream, ice milk, frozen confections, frozen yogurt, sherbet, ready-to-eat pudding,
32 gelatins and dessert sauces; and

33 (7) Meat sticks, meat jerky and meat bars.

34 As used in this paragraph, "without further preparation" does not include combining an
35 item with a liquid or toasting, microwaving or otherwise heating or thawing a product
36 for palatability rather than for the purpose of cooking the product; and

37 H. Notwithstanding any ~~other~~ provision of law to the contrary, any food product
38 containing any amount of marijuana or marijuana product.

1 "Grocery staples" includes bread and bread products, jam, jelly, pickles, honey,
2 condiments, maple syrup, spaghetti sauce ~~or~~, salad dressing, toilet paper, menstrual
3 products or diapers when packaged as a separate item for retail sale.

4 **Sec. 2. Study of sales tax exemption for basic needs products.** The Department
5 of Administrative and Financial Services, Maine Revenue Services shall study the potential
6 tax revenue that would be lost by classifying toilet paper, menstrual products and diapers
7 as grocery staples, as defined in the Maine Revised Statutes, Title 36, section 1752,
8 subsection 3-B and exempted from sales tax under Title 36, section 1760, subsection 3.

9 **Sec. 3. Offsetting any loss of revenue.** The Department of Administrative and
10 Financial Services, Maine Revenue Services shall study available options to offset any loss
11 of revenue that may result from the classification of toilet paper, menstrual products and
12 diapers as grocery staples, including placing taxes on imported luxury foods, such as
13 cheese, jam, jelly or flavored coffee creamer.

14 **Sec. 4. Reporting.** No later than December 1, 2021, the Department of
15 Administrative and Financial Services, Maine Revenue Services shall submit a report to
16 the Joint Standing Committee on Taxation containing a summary of its findings under
17 sections 2 and 3 and making recommendations, including any suggested legislation, to the
18 committee. The committee may submit a bill based on the report to the Second Regular
19 Session of the 130th Legislature.

20 **Sec. 5. Effective date.** That section of this Act that amends the Maine Revised
21 Statutes, Title 36, section 1752, subsection 3-B takes effect August 1, 2022.

22 SUMMARY

23 This bill amends the definition of "grocery staples" to include toilet paper, diapers or
24 menstrual products, effective August 1, 2022. The bill requires the Department of
25 Administrative and Financial Services, Maine Revenue Services to study any sales tax
26 revenue lost by classifying toilet paper, menstrual products and diapers as grocery staples,
27 which are exempt from sales tax. Maine Revenue Services is required to study available
28 options to offset any lost sales tax revenue, including taxation of imported luxury foods.
29 Maine Revenue Services is directed to submit a report to the Joint Standing Committee on
30 Taxation by December 1, 2021, and the committee is authorized to submit a bill based on
31 the report to the Second Regular Session of the 130th Legislature.