

MAINE STATE LEGISLATURE

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BMA
R. 484

Date: 6/5/19

(Filing No. H-484)

Majority
TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 260, L.D. 335, Bill, "An Act To Require the State To Distribute 25 Percent of Adult Use Marijuana Retail Sales and Excise Tax Revenue to Generating Municipalities"

Amend the bill by striking out the title and substituting the following:

'An Act To Require the State To Distribute 12 Percent of Adult Use Marijuana Retail Sales and Excise Tax Revenue to Generating Municipalities'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 28-B MRSA §407 is enacted to read:

§407. Revenue allocation to municipalities

1. Local Government Marijuana Revenue Fund established. To assist in offsetting negative effects on local resources of local regulation and enforcement of adult use marijuana laws, there is established the Local Government Marijuana Revenue Fund, referred to in this section as "the fund."

2. Fund sources. The fund receives money transferred to the fund pursuant to section 1003, subsection 2 and Title 36, section 1818, subsection 2.

3. Distribution of funds. The Treasurer of State shall distribute the balance in the fund on the 20th day of each month. Money in the fund must be distributed to each municipality that has authorized, pursuant to sections 401 and 403, a marijuana establishment within the municipality, in proportion to the ratio of revenues generated pursuant to section 1001 and Title 36, section 1811 by all marijuana establishments operating within the municipality to the revenues generated pursuant to section 1001 and Title 36, section 1811 by all marijuana establishments operating within the State.

4. Unorganized and deorganized areas. For purposes of municipal marijuana revenue distribution pursuant to this section, unorganized and deorganized areas must be treated as if they are municipalities.

COMMITTEE AMENDMENT

1 **Sec. 2. 28-B MRSA §1003**, as enacted by PL 2017, c. 409, Pt. A, §6, is repealed
2 and the following enacted in its place:

3 **§1003. Application of excise tax revenue**

4 All excise tax revenue collected by the department on the sale of adult use marijuana
5 pursuant to this subchapter must be deposited into the General Fund, except that, on or
6 before the last day of each month, the department shall transfer:

7 **1. Adult Use Marijuana Public Health and Safety Fund.** Twelve percent of the
8 excise tax revenue reported to the department as due during the preceding month pursuant
9 to this subchapter to the Adult Use Marijuana Public Health and Safety Fund established
10 under section 1101; and

11 **2. Local Government Marijuana Revenue Fund.** Twelve percent of the excise tax
12 revenue reported to the department as due during the preceding month into the Local
13 Government Marijuana Revenue Fund established under section 407 calculated after the
14 transfer pursuant to subsection 1 and after the subtraction of the costs of the department
15 in administering this subsection. For the purposes of this subsection, "costs of the
16 department in administering this subsection" means, for each month in the 12-month
17 period after the effective date of this section, the actual and anticipated cost to the
18 department of administering this subsection and, in all subsequent months, the previous
19 month's actual cost of administering this subsection.

20 **Sec. 3. 36 MRSA §1818**, as enacted by PL 2017, c. 409, Pt. D, §4, is repealed and
21 the following enacted in its place:

22 **§1818. Tax on adult use marijuana and adult use marijuana products**

23 All sales tax revenue collected pursuant to section 1811 on the sale of adult use
24 marijuana and adult use marijuana products must be deposited into the General Fund,
25 except that, on or before the last day of each month, the State Controller shall transfer:

26 **1. Adult Use Marijuana Public Health and Safety Fund.** Twelve percent of the
27 sales tax revenue reported to the State Tax Assessor as due during the preceding month
28 pursuant to section 1811 to the Adult Use Marijuana Public Health and Safety Fund
29 established under Title 28-B, section 1101; and

30 **2. Local Government Marijuana Revenue Fund.** Twelve percent of the sales tax
31 revenue reported to the State Tax Assessor as due during the preceding month pursuant to
32 section 1811 to the Local Government Marijuana Revenue Fund established under Title
33 28-B, section 407 calculated after the transfer pursuant to subsection 1 and after the
34 subtraction of the costs of the State Tax Assessor in administering this subsection. For
35 the purposes of this subsection, "costs of the State Tax Assessor in administering this
36 subsection" means, for each month in the 12-month period after the effective date of this
37 section, the actual and anticipated cost to the State Tax Assessor of administering this
38 subsection and, in all subsequent months, the previous month's actual cost of
39 administering this subsection.

40 **Sec. 4. Appropriations and allocations.** The following appropriations and
41 allocations are made.

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1 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
 2 **Local Government Marijuana Revenue Fund N326**

3 Initiative: Provides allocation to distribute funds to municipalities to assist in offsetting
 4 negative effects on local resources of local regulation and enforcement of adult use
 5 marijuana laws.

6	OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
7	All Other	\$484,000	\$1,848,000
8			
9	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$484,000</u>	<u>\$1,848,000</u>

10 **Revenue Services, Bureau of 0002**

11 Initiative: Establishes one Senior Tax Examiner position to process transfers of sales and
 12 excise tax receipts on adult use marijuana.

13	GENERAL FUND	2019-20	2020-21
14	POSITIONS - LEGISLATIVE COUNT	1,000	1,000
15	Personal Services	\$78,520	\$104,600
16	All Other	\$5,000	\$0
17			
18	GENERAL FUND TOTAL	<u>\$83,520</u>	<u>\$104,600</u>

19	ADMINISTRATIVE AND FINANCIAL		
20	SERVICES, DEPARTMENT OF		
21	DEPARTMENT TOTALS	2019-20	2020-21
22			
23	GENERAL FUND	\$83,520	\$104,600
24	OTHER SPECIAL REVENUE FUNDS	\$484,000	\$1,848,000
25			
26	DEPARTMENT TOTAL - ALL FUNDS	<u>\$567,520</u>	<u>\$1,952,600</u>
27			

28 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
 29 section number to read consecutively.

30 **SUMMARY**

31 This amendment changes from 25% to 12% the amount of sales tax and excise tax
 32 revenue generated by adult use marijuana establishments required to be transferred to the

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municipalities where the revenue was generated after the transfer to the Adult Use
Marijuana Public Health and Safety Fund and the deduction of state administrative costs.

The amendment also adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)



129th MAINE LEGISLATURE

LD 335

LR 890(02)

An Act To Require the State To Distribute 25 Percent of Adult Use Marijuana Retail Sales and Excise Tax Revenue to Generating Municipalities

Fiscal Note for Bill as Amended by Committee Amendment *A(H-484)*

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$567,520	\$1,952,600	\$2,700,600	\$3,756,600
Appropriations/Allocations				
General Fund	\$83,520	\$104,600	\$104,600	\$104,600
Other Special Revenue Funds	\$484,000	\$1,848,000	\$2,596,000	\$3,652,000
Revenue				
General Fund	(\$484,000)	(\$1,848,000)	(\$2,596,000)	(\$3,652,000)
Other Special Revenue Funds	\$484,000	\$1,848,000	\$2,596,000	\$3,652,000

Fiscal Detail and Notes

The bill creates the Local Government Marijuana Revenue Fund (LGMF) within the Department of Administrative and Financial Services and directs that 12% of the revenue from excise and sales taxes on marijuana and marijuana products be credited to the fund. The revenues from the fund will be proportionally distributed to municipalities who have authorized marijuana establishments by the excise and sales tax generated by each municipality. The bill includes an Other Special Revenue Funds allocation of \$484,000 in fiscal year 2019-20 and \$1,848,000 in fiscal year 2020-20 to allow for the distribution of the amounts credited to the LGMF. Transferring sales and excise tax receipts to the LGMF will reduce revenue to the General Fund by the same amounts, \$484,000 in fiscal year 2019-20 and \$1,848,000 in fiscal year 2020-21.

The bill includes ongoing General Fund appropriations to the Department of Administrative and Financial Services of \$78,520 in 2019-20 and \$104,600 in fiscal year 2020-21 for one Senior Tax Examiner position to process transfers of sales and excise tax receipts on adult use marijuana. Another \$5,000 is appropriated in the first year for one-time All Other costs to update sales reports and create an excise tax report to facilitate distribution to municipalities.