

MAINE STATE LEGISLATURE

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Date 6/21/23

MAJORITY

TAXATION

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STATE OF MAINE
SENATE
131ST LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S P 432, LD 1063, "An Act to Provide Equitable Tax Treatment to State-licensed Cannabis Businesses"

Amend the bill by inserting before section 1 the following

'Sec. 1. 28-B MRSA §1101, sub-§2, ¶D is enacted to read

D Any funds remaining in the fund after expenditures made in accordance with paragraphs A to C must be used to fund

(1) The cost of the tax deductions provided pursuant to Title 36, section 5122, subsection 2, paragraph PP and Title 36, section 5200-A, subsection 2, paragraph BB By June 1st annually, the State Tax Assessor shall determine the cost of those deductions during the prior calendar year and report that amount to the State Controller, who shall transfer that amount from the remaining funds in the fund to the General Fund, and

(2) The cost of the position in the Bureau of Revenue Services within the department to administer the tax deductions provided pursuant to Title 36, section 5122, subsection 2, paragraph PP and Title 36, section 5200-A, subsection 2, paragraph BB By June 1st annually, the commissioner shall determine the cost of the position in the bureau to administer those deductions during the prior calendar year and report that amount to the State Controller, who shall transfer that amount from the remaining funds in the fund to the General Fund '

Amend the bill by inserting after section 2 the following

'Sec. 3. Appropriations and allocations. The following appropriations and allocations are made

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Revenue Services, Bureau of 0002

Initiative Provides funding for one Tax Examiner position effective October 1, 2023 and related All Other costs

COMMITTEE AMENDMENT

ROS

COMMITTEE AMENDMENT "A" to S P 432, L D 1063

1	GENERAL FUND	2023-24	2024-25
2	POSITIONS - LEGISLATIVE COUNT	1 000	1 000
3	Personal Services	\$88,100	\$119,500
4	All Other	\$5,818	\$4,345
5			
6	GENERAL FUND TOTAL	\$93,918	\$123,845

7

8 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section

9 number to read consecutively

10 **SUMMARY**

11 This amendment adds a new section to the bill providing that the cost of the tax

12 deductions provided in the bill and a position in the Department of Administrative and

13 Financial Services, Bureau of Revenue Services to administer the deductions must be

14 funded by the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund,

15 to the extent that any funds remaining in the fund are available. The amendment also adds

16 an appropriations and allocations section.

17 **FISCAL NOTE REQUIRED**

18 **(See attached)**

COMMITTEE AMENDMENT



131st MAINE LEGISLATURE

LD 1063

LR 242(02)

An Act to Provide Equitable Tax Treatment to State-licensed Cannabis Businesses

Fiscal Note for Bill as Amended by Committee Amendment "A" (5.400)
 Committee: Taxation
 Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	(\$327,388)	(\$1,096,689)	(\$906,849)	(\$777,772)
Appropriations/Allocations				
General Fund	\$93,918	\$123,845	\$128,147	\$132,604
Revenue				
General Fund	(\$1,140,000)	(\$1,444,000)	(\$1,691,000)	(\$1,900,000)
Other Special Revenue Funds	(\$60,000)	(\$76,000)	(\$89,000)	(\$100,000)
Transfers				
General Fund	\$1,561,306	\$2,664,534	\$2,725,996	\$2,810,376
Other Special Revenue Funds	(\$1,561,306)	(\$2,664,534)	(\$2,725,996)	(\$2,810,376)

Fiscal Detail and Notes

This bill makes the income tax deduction for cannabis business expenses, currently available to registered caregivers and registered dispensaries, also available to cannabis manufacturing facilities, establishments and testing facilities. It will decrease General Fund revenue by \$1,140,000 in fiscal year 2023-24 and by \$1,444,000 in fiscal year 2024-25 and decrease Local Government Fund revenue by \$60,000 in fiscal year 2023-24 and \$76,000 in fiscal year 2024-25.

The bill requires that funds from the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund (PHSMO) be transferred to the General Fund in June of each year to offset the revenue loss in the prior calendar year from the tax deduction for cannabis business expenses and to fund the cost of a position in the Department of Administrative and Financial Services (DAFS), Bureau of Revenue Services. The bill includes a transfer of \$1,561,306 in fiscal year 2023-24 and \$2,664,534 in fiscal year 2024-25 from the PHSMO Other Special Revenue Funds account to the General Fund for this purpose. The PHSMO currently has sufficient funds for the transfer. However, other authorized expenditures from the PHSMO may increase to the point that sufficient funds are not available to offset the tax revenue loss and position cost.

The bill includes ongoing General Fund appropriations to the DAFS, Bureau of Revenue Services of \$93,918 in fiscal year 2023-24 and \$123,845 in fiscal year 2024-25 for one Senior Tax Examiner position, effective October 1, 2023, to administer income tax deductions for cannabis businesses.