

# MAINE STATE LEGISLATURE

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SAC  
ROS

1

L D 1384

2

Date 6/21/23

(Filing No S-402)

MAJORITY

3

TAXATION

4

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STATE OF MAINE

6

SENATE

7

131ST LEGISLATURE

8

FIRST SPECIAL SESSION

9

COMMITTEE AMENDMENT "A" to S P 549, L D 1384, "An Act to Promote  
10 Fairness in the Taxation of Adult Use Cannabis by Basing the Excise Tax on the Tier of a  
11 Cultivation Facility"

12

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

13

'An Act to Promote Fairness in the Taxation of Adult Use Cannabis'

14

Amend the bill by inserting after the title and before the enacting clause the following

15

'Emergency preamble. Whereas, acts and resolves of the Legislature do not  
16 become effective until 90 days after adjournment unless enacted as emergencies, and

17

Whereas, the current structure for the taxation of adult use cannabis is resulting in  
18 overtaxation of some producers and needs to be adjusted as soon as possible in order to  
19 prevent some businesses from ceasing business due to tax costs, and

20

Whereas, in the judgment of the Legislature, these facts create an emergency within  
21 the meaning of the Constitution of Maine and require the following legislation as  
22 immediately necessary for the preservation of the public peace, health and safety, now,  
23 therefore,'

24

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

26

'Sec. 1. 36 MRSA §4923, sub-§7 is enacted to read

27

7. Sales and transfers between licensed cultivation facilities No excise tax is  
28 imposed on a sale of adult use cannabis to a cultivation facility or on a transfer of adult use  
29 cannabis to a cultivation facility

30

Sec. 2. 36 MRSA §4924, as enacted by PL 2019, c 231, Pt B, §7, is amended to  
31 read

32

§4924. Returns; payment of excise tax

**COMMITTEE AMENDMENT**

1 On Beginning October 2023, on or before the 15th day of each month following the  
2 end of each calendar quarter, a cultivation facility licensee shall file a return, as required  
3 by the assessor, and pay to the assessor all excise taxes due under this chapter for the  
4 preceding calendar ~~month~~ quarter

5 **Sec. 3. 36 MRSA §4925**, as amended by PL 2021, c 645, §6 and c 669, §5, is  
6 further amended to read

7 **§4925. Application of excise tax revenue**

8 All excise tax revenue collected by the assessor pursuant to this chapter on the sale of  
9 adult use cannabis must be deposited into the General Fund, except that, on or before the  
10 last day of each every 3rd month, the assessor shall transfer 12% of the excise tax revenue  
11 received during the preceding ~~month~~ quarter pursuant to this chapter to the Adult Use  
12 Cannabis Public Health and Safety and Municipal Opt-in Fund established in Title 28-B,  
13 section 1101

14 **Sec. 4. Appropriations and allocations.** The following appropriations and  
15 allocations are made

16 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

17 **Revenue Services, Bureau of 0002**

18 Initiative Provides one-time funding for computer programming costs to implement the  
19 change in filing frequency for the cannabis excise tax

20	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
21	All Other	\$33,120	\$0
22			
23	GENERAL FUND TOTAL	<u>\$33,120</u>	<u>\$0</u>

25 **Emergency clause.** In view of the emergency cited in the preamble, this legislation  
26 takes effect when approved '

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

29 **SUMMARY**

30 This amendment changes payment of the adult use cannabis excise tax to a quarterly  
31 schedule and eliminates certain taxation of multiple transfers of the same cannabis products  
32 between cannabis establishments The amendment also adds an emergency preamble and  
33 an emergency clause

34 **FISCAL NOTE REQUIRED**

35 (See attached)



# 131st MAINE LEGISLATURE

LD 1384

LR 928(02)

## An Act to Promote Fairness in the Taxation of Adult Use Cannabis by Basing the Excise Tax on the Tier of a Cultivation Facility

Fiscal Note for Bill as Amended by Committee Amendment *A(5-402)*

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Cost (Savings)</b>				
General Fund	\$2,863,120	\$426,000	\$355,000	\$310,000
<b>Appropriations/Allocations</b>				
General Fund	\$33,120	\$0	\$0	\$0
<b>Revenue</b>				
General Fund	(\$2,830,000)	(\$426,000)	(\$355,000)	(\$310,000)
Other Special Revenue Funds	(\$176,000)	(\$31,000)	(\$25,000)	(\$22,000)

### Fiscal Detail and Notes

This bill changes the schedule for filing and payment of adult use cannabis excise taxes by cultivation facilities from monthly to quarterly and eliminates the excise tax on the sale and transfer of adult use cannabis between cultivation facilities. It will decrease General Fund revenue by \$2,830,000 in fiscal year 2023-24 and \$426,000 in fiscal year 2024-25, which will result in decreased revenue to the Adult Use Cannabis Public Health and Safety Opt-in Fund of \$176,000 in fiscal year 2023-24 and \$31,000 in fiscal year 2024-25. The larger revenue impact in the first year is the result of the change in the payment schedule, which shifts two months of revenue from fiscal year 2023-24 into fiscal year 2024-25. In subsequent fiscal years, there is a similar shift of revenue out of each fiscal year, but an offsetting shift of revenue in from the prior year.

The bill includes a one-time General Fund appropriation of \$33,120 to the Department of Administrative and Financial Services, Bureau of Revenue Services for computer programming costs to implement the change in filing frequency for the cannabis excise tax.