

MAINE STATE LEGISLATURE

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Date 6/22/23

(Filing No S-418)

MAJORITY
TAXATION

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STATE OF MAINE
SENATE
131ST LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S P 559, L D 1392, "An Act to Change How the Adult Use Cannabis Excise Tax Is Calculated"

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

'An Act to Increase the Sales Tax on Adult Use Cannabis and Change How the Excise Tax Is Calculated'

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

Sec. 1. 36 MRSA §1811, sub-§1, ¶A, as amended by PL 2019, c 607, Pt B, §2, is repealed

Sec. 2. 36 MRSA §1811, sub-§1, ¶B, as amended by PL 2019, c 607, Pt B, §3, is repealed

Sec. 3. 36 MRSA §1811, sub-§1, ¶C, as amended by PL 2019, c 607, Pt B, §4 and PL 2021, c 669, §5, is repealed

Sec. 4. 36 MRSA §1811, sub-§1, ¶D, as amended by PL 2021, c 578, §4, c 658, §286 and c 669, §5, is further amended by amending subparagraph (5) to read

(5) Ten percent on the value of adult use cannabis, adult use cannabis products and, if sold by a person to an individual who is not a qualifying patient, cannabis and cannabis products beginning on the first day of the calendar month in which adult use cannabis and adult use cannabis products may be sold in the State by a cannabis establishment licensed to conduct retail sales pursuant to Title 28-B, chapter 1, except that the applicable tax rate under this subparagraph is 12 5% for sales occurring on or after January 1, 2024 and before January 1, 2025 and 15% for sales occurring on or after January 1, 2025

Sec. 5. 36 MRSA §4923, sub-§7 is enacted to read

7. Phase-down. The excise tax imposed pursuant to this section on or after January 1, 2024 and before January 1, 2025 is reduced for each applicable excise tax rate in

COMMITTEE AMENDMENT

1 subsections 1 to 5 by 1/3 The excise tax imposed pursuant to this section on or after
2 January 1, 2025 is reduced for each applicable excise tax rate in subsections 1 to 5 by 2/3

3 **Sec. 6. Application.** This Act applies to sales occurring on or after January 1, 2024 '
4 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
5 number to read consecutively

6 **SUMMARY**

7 This amendment replaces the bill and changes the title The amendment provides for a
8 phase-down of the cannabis excise tax and a concurrent increase of the sales tax on adult
9 use cannabis to 15%

10 **FISCAL NOTE REQUIRED**

11 **(See attached)**



131st MAINE LEGISLATURE

LD 1392

LR 410(02)

An Act to Change How the Adult Use Cannabis Excise Tax Is Calculated

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-418)

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	\$105,000	\$545,000	\$856,000	\$729,000
Revenue				
General Fund	(\$105,000)	(\$545,000)	(\$856,000)	(\$729,000)
Other Special Revenue Funds	\$67,000	\$429,000	\$809,000	\$920,000

Fiscal Detail and Notes

This bill concurrently increases the sales tax on adult use cannabis and adult use cannabis products and decreases the cannabis excise tax. The decrease in cannabis excise tax revenue is greater than the increase in cannabis sales tax revenue, resulting in a net decrease in General Fund revenue of \$105,000 in fiscal year 2023-24 and \$545,000 in fiscal year 2024-25.

The increase in the cannabis sales tax will increase revenue to the Local Government Fund by \$70,000 in fiscal year 2023-2024 and \$446,000 in fiscal year 2024-25. The increase in the cannabis sales tax and decrease in the cannabis excise tax will decrease revenue to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund by \$3,000 in fiscal year 2023-24 and \$17,000 in fiscal year 2024-25. The combined impact of these changes to Other Special Revenue Funds is a revenue increase of \$67,000 in fiscal year 2023-24 and \$429,000 in fiscal year 2024-25.