

MAINE STATE LEGISLATURE

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Date: 4/12/24

(Filing No. S-694)

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STATE OF MAINE
SENATE
131ST LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 901,
L.D. 1405, "An Act to Change How Adult Use Cannabis Excise Tax Is Calculated"

Amend the amendment by inserting before section 1 the following:

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

C-1. Beginning January 1, 2025 and ending December 31, 2026, unobligated balances in the fund may be deposited in the General Fund to offset the difference in revenue from:

(1) Changing the excise tax imposed pursuant to Title 36, section 4923, subsection 1 from \$335 to \$175 per pound or fraction thereof of cannabis flower sold by a cultivation facility licensee to other licensees in the State; and

(2) Changing the excise tax imposed pursuant to Title 36, section 4923, subsection 2 from \$94 to \$35 per pound or fraction thereof of cannabis trim sold by a cultivation facility licensee to other licensees in the State.

The State Tax Assessor shall determine monthly the difference in revenue pursuant to subparagraphs (1) and (2) and notify the State Controller of the amount that may be transferred to the General Fund from the fund.

Sec. 2. 28-B MRSA §1101, sub-§2, ¶C-2 is enacted to read:

C-2. Beginning January 1, 2027, of the revenue deposited pursuant to subsection 1, paragraph A, up to 50% must be deposited in the General Fund to offset the difference in revenue from:

(1) Changing the excise tax imposed pursuant to Title 36, section 4923, subsection 1 from \$175 per pound or fraction thereof of cannabis flower sold by a cultivation facility licensee to other licensees in the State to 10% of the average wholesale price of cannabis flower sold to a products manufacturing facility or a cannabis store; and

(2) Changing the excise tax imposed pursuant to Title 36, section 4923, subsection 2 from \$35 per pound or fraction thereof of cannabis trim sold by a cultivation facility licensee to other licensees in the State to 10% of the average wholesale price of cannabis trim sold to a products manufacturing facility or a cannabis store.

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The State Tax Assessor shall determine monthly the difference in revenue pursuant to subparagraphs (1) and (2) and notify the State Controller of the amount to be transferred to the General Fund from the fund.'

Amend the amendment in section 3 in subsection 1 in the 4th line (page 1, line 27 in amendment) by striking out the following: "\$150" and inserting the following: '\$175'

Amend the amendment in section 4 in subsection 2 in the 4th line (page 2, line 4 in amendment) by striking out the following: "\$20" and inserting the following: '\$35'

Amend the amendment by striking out all of section 5 and inserting the following:

'Sec. 5. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Adult Use Cannabis Regulatory Coordination Fund Z264**

Initiative: Provides funding for one Auditor II position and associated costs.

OTHER SPECIAL REVENUE FUNDS	2023-24	2024-25
POSITIONS - LEGISLATIVE COUNT	0.000	1.000
Personal Services	\$0	\$121,563
All Other	\$0	\$8,913
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$130,476

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

SUMMARY

This amendment changes the amounts of the excise tax proposed in Committee Amendment "A" on cannabis flower from \$150 per pound to \$175 per pound and on cannabis trim from \$20 per pound to \$35 per pound, beginning January 1, 2025 and until January 1, 2027, at which time the tax will be 10% of the average wholesale price. To offset the loss of revenue from the change to the excise tax beginning January 1, 2025 and until January 1, 2027, this amendment allows unobligated balances in the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund to be deposited in the General Fund beginning January 1, 2025 and ending December 31, 2026. To offset the loss of revenue from the change to a 10% tax rate from the tax of \$175 per pound of cannabis flower and \$35 per pound of cannabis trim, this amendment, beginning January 1, 2027, requires up to 50% of the amount of revenue credited to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund from the excise tax on adult use cannabis and adult use cannabis products to be deposited in the General Fund. The State Tax

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 901, L.D. 1405 (S-694)

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Assessor is required to determine monthly the amount to be transferred and inform the State Controller.

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SPONSORED BY: 

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(Senator HICKMAN, C.)

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COUNTY: Kennebec

FISCAL NOTE REQUIRED
(See attached)



131st MAINE LEGISLATURE

LD 1405

LR 1636(07)

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

Fiscal Note for Senate Amendment "B" to Committee Amendment "A" (S.694)

Sponsor: Sen. Hickman of Kennebec

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	\$0	(\$3,920,476)	(\$1,634,365)	(\$1,332,380)
Appropriations/Allocations				
General Fund	\$0	(\$130,476)	(\$134,365)	(\$138,380)
Other Special Revenue Funds	\$0	\$130,476	\$134,365	\$138,380
Revenue				
General Fund	\$0	\$588,000	\$1,500,000	\$1,194,000
Other Special Revenue Funds	\$0	\$56,000	\$195,000	(\$123,000)
Transfers				
General Fund	\$0	\$3,202,000	\$0	\$0
Other Special Revenue Funds	\$0	(\$3,202,000)	\$0	\$0

Fiscal Detail and Notes

This amendment changes the amount of the excise tax on cannabis flower from \$150 per pound in the committee amendment to \$175 per pound and the amount of the excise tax on cannabis trim from \$20 per pound in the committee amendment to \$35 per pound, beginning January 1, 2025 and until January 1, 2027. The incremental impact is to reduce the revenue loss to the General Fund from the committee amendment by \$588,000 in fiscal year 2024-25 and to reduce the revenue loss to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund (AUPH Fund) by \$56,000 in fiscal year 2024-25.

To offset the loss of revenue from the change to the excise tax beginning January 1, 2025 and until January 1, 2027, this amendment allows the transfer of unobligated balances in the the AUPH Fund to be deposited in the General Fund beginning January 1, 2025. In fiscal year 2024-25 the transfer will be \$3,202,000. Additional transfers will be required in fiscal year 2025-26 and the amount will depend on excise tax revenue generated and available balances. Additionally, beginning January 1, 2027 to offset the loss of revenue from the change to a 10% tax rate from the tax of \$175 per pound of cannabis flower and \$35 per pound of cannabis trim, this amendment, requires up to 50% of amount of revenue credited to the AUPH Fund from the excise tax on adult cannabis and adult cannabis products to be deposited in the General Fund.