

MAINE STATE LEGISLATURE

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Date: 3/19/24 Report B

L.D. 1405
(Filing No. H-835)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "B" to H.P. 901, L.D. 1405, "An Act to Change How 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 B, §2, is repealed.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 B, §3, is repealed.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 B, §4 and amended by PL 2021, c. 669, §5, is repealed.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~~ For sales occurring before January 1, 2025, 10% 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. The applicable rate of tax under this subparagraph is 12.5% for sales occurring on or after January 1, 2025 and before January 1, 2026 and 15% for sales occurring on or after January 1, 2026.

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

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7. Phase-down. The excise tax imposed pursuant to this section on or after January 1, 2025 and before January 1, 2026 is reduced for each applicable excise tax rate in subsections 1 to 5 by 1/3. The excise tax imposed pursuant to this section on or after January 1, 2026 is reduced for each applicable excise tax rate in subsections 1 to 5 by 2/3.

Sec. 6. Application. This Act applies to sales occurring on or after January 1, 2025.
Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment replaces the bill and changes the title. The amendment provides for a phase-down of the adult use cannabis excise tax and a concurrent increase of the sales tax on adult use cannabis to 12.5% and then to 15%.

FISCAL NOTE REQUIRED

(See attached)



131st MAINE LEGISLATURE

LD 1405

LR 1636(04)

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

Fiscal Note for Bill as Amended by Committee Amendment 'B' (H-835)

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	\$0	\$264,000	\$578,000	\$583,000
Revenue				
General Fund	\$0	(\$264,000)	(\$578,000)	(\$583,000)
Other Special Revenue Funds	\$0	\$98,000	\$438,000	\$722,000

Fiscal Detail and Notes

This bill concurrently decreases the excise tax on adult use cannabis and cannabis products and increases the sales tax on adult use cannabis and cannabis products, effective January 1, 2025. In fiscal year 2024-25, cannabis excise tax revenue will decrease by \$2,625,000 and cannabis sales tax revenue will increase by \$2,459,000. Together these changes will decrease revenue to the General Fund by \$264,000 and decrease revenue to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund by \$2,000 in fiscal year 2024-25. The increase in cannabis sales tax revenue will increase Local Government Fund revenue by \$100,000 in fiscal year 2024-25. The combined impact of these changes to Other Special Revenue Funds is an increase of \$98,000 in fiscal year 2024-25.

Administrative costs to the Department of Administrative and Financial Services, Bureau of Revenue Services to implement these cannabis tax changes are expected to be minor and can be absorbed within existing budgeted resources.