

# MAINE STATE LEGISLATURE

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GK  
ROS

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LD 1691

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Date 6/22/23

(Filing No S-422)

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**VETERANS AND LEGAL AFFAIRS**

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Reproduced and distributed under the direction of the Secretary of the Senate

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**STATE OF MAINE**

6

**SENATE**

7

**131ST LEGISLATURE**

8

**FIRST SPECIAL SESSION**

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COMMITTEE AMENDMENT "A" to S P 678, LD 1691, "An Act to Provide Parity in State Energy Rate Relief Payments and Tax Exemptions for Maine Cannabis Businesses"

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

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**Sec. 1. 22 MRSA §2425-A, sub-§10, ¶K** is enacted to read

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K A fee may not be assessed under this subsection for an annual registration of a caregiver if in the previous year the caregiver has been determined compliant with this chapter and rules adopted under this chapter as a result of an inspection of the caregiver by the department under this chapter.

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**Sec. 2. 22 MRSA §2430, sub-§3,** as amended by PL 2021, c 181, Pt A, §2, is further amended to read

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**3. Uses of the fund.** The fund may be used for expenses of the department to administer this chapter or for research in accordance with subsection 5, as allocated by the Legislature To the extent money is available, the department shall provide a monetary payment to a person who is actively engaged in a cannabis-related business activity as defined in Title 28-B, section 102, subsection 7-A and who provides the department evidence that the person meets the criteria for a federally funded assistance program but is ineligible to receive assistance under the program because the person is engaged in a cannabis-related business activity. The monetary payment provided under this subsection must equal the monetary payment the person would have received under the federally funded program.

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**Sec. 3. 28-B MRSA §102, sub-§7-A** is enacted to read

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**7-A. Cannabis-related business activity.** "Cannabis-related business activity" means an activity authorized under this Title or Title 22, chapter 558-C.

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**Sec. 4. 28-B MRSA §1101, sub-§2, ¶D** is enacted to read

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1 D To the extent money is available, the department shall provide a monetary payment  
2 to a person who is actively engaged in a cannabis-related business activity and who  
3 provides evidence to the department that the person meets the criteria for a federally  
4 funded assistance program but is ineligible to receive assistance under the program  
5 because the person is engaged in a cannabis-related business activity The monetary  
6 payment provided under this paragraph must equal the monetary payment the person  
7 would have received under the federally funded program

8 **Sec. 5. 36 MRSA §2013, sub-§1, ¶A**, as amended by PL 2019, c 7, §1, is further  
9 amended to read

10 A "Commercial agricultural production" means commercial production of crops,  
11 maple syrup, honey, plants, trees, compost, cannabis and livestock

12 **Sec. 6. Energy rate relief payments.** An entity engaged in a cannabis-related  
13 business activity, as defined in the Maine Revised Statutes, Title 28-B, section 102,  
14 subsection 7-A, authorized under Title 22, chapter 558-C or Title 28-B, chapter 1 that is  
15 otherwise eligible for relief under Resolve 2021, chapter 168 but that did not receive relief  
16 because the entity is engaged in a cannabis-related business activity must receive a payment  
17 in accordance with this section for an amount equal to the amount the entity would have  
18 received if the entity had not been engaged in a cannabis-related business activity An entity  
19 determined to be eligible under this section that is authorized to engage in a cannabis-  
20 related activity pursuant to Title 22, chapter 558-C must be reimbursed from the Medical  
21 Use of Cannabis Fund under Title 22, section 2430 An entity determined to be eligible  
22 under this section that is authorized to engage in a cannabis-related business activity  
23 pursuant to Title 28-B, chapter 1 must be reimbursed from the Adult Use Cannabis Public  
24 Health and Safety and Municipal Opt-in Fund under Title 28-B, section 1101

25 **1. Definitions.** As used in this section, unless the context otherwise indicates, the  
26 following terms have the following meanings

27 A "Commission" means the Public Utilities Commission

28 B "Covered utility" means an investor-owned transmission and distribution utility as  
29 defined in the Maine Revised Statutes, Title 35-A, section 3104, subsection 1,  
30 paragraph A

31 C "Eligible cannabis business customer" means an entity that  
32 (1) Is an eligible customer,  
33 (2) Is engaged in cannabis-related business activity authorized under Title 22,  
34 chapter 558-C or Title 28-B, chapter 1, and  
35 (3) Will not receive a payment under Resolve 2021, chapter 168 because the entity  
36 was engaged in cannabis-related activity pursuant to Title 22, chapter 558-C or  
37 Title 28-B, chapter 1

38 D "Eligible customer" means an entity that during the month of February 2022 was a  
39 medium commercial customer of a covered utility taking standard-offer service

40 E "Medium commercial customer" means a nonresidential customer of a covered  
41 utility that takes service under a core customer class electric delivery rate schedule of  
42 the covered utility

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- 1 (1) That includes a demand charge, and
- 2 (2) In which the customer's maximum demand may not exceed 500 kilowatts or
- 3 the kilowatt break-point stated in the covered utility's applicable electric delivery
- 4 rate schedule that is closest to, but does not exceed, 500 kilowatts

5 F "Office" means the Department of Administrative and Financial Services, office of  
6 cannabis policy

7 G "Per tier payment amount" means the payment amounts set by the Department of  
8 Economic and Community Development pursuant to Resolve 2021, chapter 168,  
9 section 5 for eligible customers

10 H "Standard-offer service" means the service provided according to the Maine Revised  
11 Statutes, Title 35-A, section 3212

12 **2. Identification of eligible customers.** By November 1, 2023, each covered utility  
13 shall identify which of its customers are eligible customers and for each eligible customer  
14 shall report to the office the name and business address of the customer and the kilowatts  
15 billed to the customer on the monthly invoice most closely corresponding to the month of  
16 February 2022

17 **3. Identification of eligible cannabis business customers** By November 15, 2023,  
18 the office shall determine which of the eligible customers included on the report from each  
19 covered utility under subsection 2 are eligible cannabis business customers and shall,  
20 notwithstanding Title 22, section 2425-A, subsection 12, send a list to the commission of  
21 the eligible cannabis business customers and the kilowatts billed to the customers on the  
22 monthly invoices most closely corresponding to the month of February 2022 as reported  
23 by each covered utility under subsection 2

24 **4. Commission verification.** By December 15, 2023, the commission shall verify to  
25 the office, for each eligible cannabis business customer, the kilowatts billed on the monthly  
26 invoice most closely corresponding to the month of February 2022 as reported by each  
27 covered utility under subsection 2

28 **5. Energy rate relief payment calculation.** By January 15, 2024, the office shall  
29 calculate the per tier payment amount due each eligible cannabis business customer and the  
30 total amount of payments to eligible cannabis business customers to be credited by each  
31 covered utility

32 **6 Transfer to covered utility.** By February 15, 2024, the office shall transfer from  
33 the Medical Use of Cannabis Fund under Title 22, section 2430 and the Adult Use Cannabis  
34 Public Health and Safety and Municipal Opt-in Fund under Title 28-B, section 1101, as  
35 appropriate, to each covered utility the total amount due to be credited to eligible cannabis  
36 business customers of the covered utility

37 **7. Energy rate relief payments by covered utilities; report; funds returned.** By  
38 March 1, 2024, each covered utility shall credit to the account of each eligible cannabis  
39 business customer the amount of relief payment to which the eligible cannabis business  
40 customer is entitled under subsection 5 unless the eligible customer is no longer a customer  
41 of the utility By March 30, 2024, each covered utility shall report to the office the total  
42 amount of relief payments applied to eligible cannabis business customer accounts and the  
43 total number of eligible cannabis business customers who received an account credit Any  
44 money that a covered utility did not credit to an eligible cannabis business customer by

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COMMITTEE AMENDMENT "A" to S P 678, L D 1691

1 March 1, 2024 must be returned to the office The office shall return the money to the  
2 Medical Use of Cannabis Fund under Title 22, section 2430 or the Adult Use Cannabis  
3 Public Health and Safety and Municipal Opt-in Fund under Title 28-B, section 1101, as  
4 appropriate

5 **8. Report.** By April 15, 2024, the office shall submit a report to the Joint Standing  
6 Committee on Veterans and Legal Affairs listing the number of eligible cannabis business  
7 customers, under the Maine Medical Use of Cannabis Act and the number of eligible  
8 cannabis business customers under the Cannabis Legalization Act, the per tier payment  
9 amount made to each tier of customers and the number of eligible cannabis business  
10 customers in each tier

11 **Sec. 7. Appropriations and allocations.** The following appropriations and  
12 allocations are made

13 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**  
14 **Medical Use of Cannabis Fund Z265**

15 Initiative Provides funding for 7 Field Investigator positions, 2 Field Investigator  
16 Supervisor positions and associated All Other costs

17 <b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
18 POSITIONS - LEGISLATIVE COUNT	9 000	9 000
19 Personal Services	\$735,528	\$1,014,268
20 All Other	\$211,869	\$211,869
21		
22 GENERAL FUND TOTAL	\$947,397	\$1,226,137

23  
24 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section  
25 number to read consecutively

26 **SUMMARY**

27 This amendment, which is the unanimous report of the committee, replaces the bill It  
28 waives the annual registration fee for registered caregivers who were compliant with the  
29 Maine Revised Statutes, Title 22, chapter 558-C in the previous year The amendment  
30 requires that a cannabis business otherwise eligible for financial relief from the State but  
31 not provided the financial relief because the business was engaged in a cannabis-related  
32 activity receive the financial relief from either the Medical Use of Cannabis Fund or the  
33 Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund This amendment  
34 provides that the sales tax exemption for products used in commercial agriculture  
35 production also applies to the production of cannabis The amendment provides financial  
36 relief to cannabis businesses that would have been eligible for energy rate relief payments  
37 under Resolve 2021, chapter 168 but for the nature of the businesses

38 **FISCAL NOTE REQUIRED**  
39 (See attached)

**COMMITTEE AMENDMENT**



# 131st MAINE LEGISLATURE

LD 1691

LR 1925(02)

## An Act to Provide Parity in State Energy Rate Relief Payments and Tax Exemptions for Maine Cannabis Businesses

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-422)  
 Committee: Veterans and Legal Affairs  
 Fiscal Note Required: Yes

### Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Net Cost (Savings)</b>				
General Fund	\$947,397	\$1,226,137	\$1,260,853	\$1,296,758
<b>Appropriations/Allocations</b>				
General Fund	\$947,397	\$1,226,137	\$1,260,853	\$1,296,758
<b>Revenue</b>				
Other Special Revenue Funds	(\$1,572,236)	(\$1,572,236)	(\$1,572,236)	(\$1,572,236)

### Fiscal Detail and Notes

This bill waives annual registration fees for registered caregivers in the medical cannabis program if the Office of Cannabis Policy (OCP) has deemed them compliant with applicable rules and regulations and they received an annual inspection in the prior year. The bill also provides that cannabis businesses, which were otherwise eligible for financial energy rate relief provided as a result of Resolve 2021, c 168 but were not provided the relief because the business was engaged in a cannabis-related activity, are entitled to receive the financial relief they would have received with funding transferred from the Medical Use of Cannabis Fund (Medical Use Fund) or the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund (Adult Use Fund).

The OCP has indicated that at current staffing levels, annual inspections of registered caregivers occur once every 2 to 3 years and that additional staffing and resources will be required to increase the frequency of inspections to an annual basis. The bill includes ongoing General Fund appropriations of \$947,397 beginning in fiscal year 2023-24 for 7 Field Investigator positions, 2 Field Investigator Supervisor positions and associated All Other costs. These positions are not funded by allocations from the Medical Fund as increased inspections will increase the number of caregivers eligible to receive waived annual registration fees, which will reduce revenue to the Medical Use Fund by \$1,572,236 beginning in fiscal year 2023-24.

CA(S-422)

It is estimated that roughly 2,311 medical cannabis businesses and 258 adult use cannabis businesses would be eligible to receive the energy rate relief proposed in this bill. Under Resolve 2021, c 168, the average relief payment was \$2,398. Using this average, the estimated transfer from the Medical Use Fund will be \$5,541,778 and the estimated transfer from the Adult Use Fund will be \$618,684. Without additional information from utility providers, an exact estimate is unable to be completed at this time. It is noted that the large transfer from the Medical Use Fund may jeopardize its intended use as funding for the Office of Cannabis Policy.

Adding cannabis to the definition of commercial agricultural production associated with the sales tax refund on depreciable machinery and equipment will reduce General Fund revenue by minor amounts.