



# 132nd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2025

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Legislative Document

No. 1869

S.P. 739

In Senate, May 5, 2025

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**An Act to Lower Property Taxes by Allowing a Local Option Sales  
Tax on Recreational Cannabis Sales**

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Received by the Secretary of the Senate on May 1, 2025. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator NANGLE of Cumberland.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 28-B MRSA §407** is enacted to read:

3 **§407. Municipal tax collection**

4 **1. Municipal sales tax.** The municipality in which a cannabis establishment has been  
5 located pursuant to this Title may collect a sales tax on retail sales transactions conducted  
6 at that establishment pursuant to Title 36, section 1818-A.

7 **2. Unorganized and deorganized areas.** For purposes of sales tax collected pursuant  
8 to this section, retail sales transactions at cannabis establishments in unorganized and  
9 deorganized areas are deemed to occur in municipalities.

10 **Sec. 2. 36 MRSA §1818-A** is enacted to read:

11 **§1818-A. Local sales tax option on adult use cannabis and adult use cannabis**  
12 **products**

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

15 **A. "Cannabis product"** means adult use cannabis and an adult use cannabis product as  
16 defined in Title 28-B, section 102-A, subsections 1 and 2, respectively.

17 **B. "Local option sales tax"** means a sales tax imposed pursuant to subsection 2.

18 **C. "Participating municipality"** means a municipality that has imposed a local option  
19 sales tax pursuant to this section.

20 **2. Authorization to impose local option sales tax.** A municipality by referendum  
21 conducted pursuant to subsection 8 may impose a local option sales tax of no more than  
22 1% on cannabis products. A municipality that adopts a local option sales tax pursuant to  
23 this section may not alter the range of items subject to sales tax under this Part.

24 **3. Notify State Tax Assessor.** A municipality that imposes a local option sales tax  
25 under subsection 2 shall notify the assessor at least 90 days before the local option sales  
26 tax is effective.

27 **4. Administration.** Retailers in a participating municipality shall transfer the revenue  
28 from the local option sales tax at the time and in the manner provided in section 1951-A  
29 for the transfer of state sales tax revenue. The tax is subject to the same enforcement  
30 provisions, interest, penalties and administrative actions as other taxes assessed under this  
31 Part.

32 **5. Distribution of revenue.** Each month, the assessor shall identify the amount of  
33 revenue attributable to each participating municipality under this section, subtract the costs  
34 of administering this section and certify the net amount for that participating municipality  
35 to the Treasurer of State. The Treasurer of State shall make monthly payments to municipal  
36 treasurers of the net amounts certified by the assessor under this subsection.

37 For purposes of this subsection, "costs of administering this section" means the lesser of  
38 the actual cost incurred by the assessor in administering this section and 2% of the total  
39 revenue generated by municipalities that impose a local option sales tax.

40 **6. Use of revenue by participating municipality.** The revenue raised by the  
41 imposition of a local option sales tax under this section must be held by the participating

1 municipality in a special revenue account established for that purpose. Revenue from that  
2 account may be expended only for public safety and education initiatives.

3 **7. Effect on revenue sharing and other state aid programs.** Revenue received by  
4 the State pursuant to subsection 4 may not be considered to be receipts from the taxes  
5 imposed under this Part for the purpose of transfers to the Local Government Fund under  
6 Title 30-A, section 5681. Revenue received pursuant to subsection 4 may not be used to  
7 reduce or eliminate any funding otherwise due the county or participating municipality  
8 under any provision of law providing aid to the county or participating municipality,  
9 including, but not limited to, aid for schools, roads, municipal assistance or jails.

10 **8. Referendum.** The question of whether to impose a local option sales tax must be  
11 submitted to the legal voters of a municipality that seeks to impose the local option sales  
12 tax. The referendum question must indicate the rate of the local option sales tax and  
13 identify the purposes for which the revenue will be used.

14 The petition process and voting must be held and conducted in accordance with Title 30-A,  
15 sections 2528, 2529 and 2532 even if the municipality has not accepted the provisions of  
16 Title 30-A, section 2528. The voting at elections must be held and conducted in accordance  
17 with Title 21-A. The municipal clerk shall prepare the required ballots, which must contain  
18 substantially the following question:

19 "Do you favor a local option sales tax of up to 1% to be imposed by [insert  
20 name of municipality] on the sale of adult use cannabis and adult use  
21 cannabis products?"

22 The voters shall indicate by a cross or check mark placed against the word "Yes" or "No"  
23 their opinion of the same. The municipal clerk shall make a return of the results, certify the  
24 results and send them to the Secretary of State. The Secretary of State shall forward the  
25 results to the assessor.

26 The local option sales tax on cannabis products may be discontinued by referendum  
27 conducted in the same manner as the referendum adopting the local option sales tax under  
28 this subsection.

29 **9. Effective date of local option sales tax; acceptance by voters.** The local option  
30 sales tax authorized by this section takes effect 120 days after the municipal referendum  
31 vote under subsection 8 if it is accepted by a majority of the legal voters voting at the  
32 election and the total number of votes cast equals or exceeds 20% of the total number of  
33 votes cast in that municipality in the most recent gubernatorial election.

## 34 SUMMARY

35 This bill allows a municipality to approve by referendum a local option sales tax of up  
36 to 1% on sales of adult use cannabis and adult use cannabis products. The uses of the  
37 revenue from that sales tax is limited to funding public safety and education initiatives.