An Act to Provide Qualifying Municipalities a Percentage of Adult Use Cannabis Sales and Excise Tax Revenues

Reference to the Committee on Taxation suggested and ordered printed.

Presented by Representative PAULHUS of Bath.
Be it enacted by the People of the State of Maine as follows:

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

§407. Revenue allocation to municipalities

1. Local Government Cannabis Revenue Fund established. To assist in offsetting negative effects on local resources of local regulation and enforcement of adult use cannabis laws, there is established the Local Government Cannabis Revenue Fund, referred to in this section as "the fund."

2. Fund sources. The fund receives money transferred to the fund pursuant to Title 36, section 1818, subsection 1 and section 4925, subsection 1.

3. Distribution of funds. The Treasurer of State shall distribute the balance in the fund on the 20th day of each month. Money in the fund must be distributed to each municipality that has authorized, pursuant to sections 401 to 403, a cannabis establishment within the municipality in proportion to the ratio of revenues generated by the sale of adult use cannabis and adult use cannabis products pursuant to Title 36, sections 1811 and 4923 by all cannabis establishments operating within the municipality to the revenues generated by the sale of adult use cannabis and adult use cannabis products pursuant to Title 36, sections 1811 and 4923 by all cannabis establishments operating within the State.

4. Unorganized and deorganized areas. For purposes of municipal cannabis revenue distribution pursuant to this section, unorganized and deorganized areas must be treated as if they are municipalities.

Sec. 2. 36 MRSA §1818, as amended by PL 2021, c. 645, §5 and c. 669, §5, is repealed and the following enacted in its place:

§1818. Tax on adult use cannabis and adult use cannabis products

All sales tax revenue collected pursuant to section 1811 on the sale of adult use cannabis and adult use cannabis products must be deposited into the General Fund, except that the State Controller shall transfer:

1. Local Government Cannabis Revenue Fund. On or before the 10th day of each month, 12% of the sales tax revenue received by the assessor during the preceding month pursuant to section 1811 to the Local Government Cannabis Revenue Fund established under Title 28-B, section 407; and

2. Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund. On or before the last day of each month, 12% of the difference between sales tax revenue received by the State Tax Assessor during the preceding month pursuant to section 1811 and the amount of the transfer made pursuant to subsection 1 to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund established under Title 28-B, section 1101.

Sec. 3. 36 MRSA §4925, as amended by PL 2021, c. 645, §6 and c. 669, §5, is repealed and the following enacted in its place:

§4925. Application of excise tax revenue
All excise tax revenue collected by the assessor on the sale of adult use cannabis pursuant to this chapter must be deposited into the General Fund, except that the assessor shall transfer:

1. **Local Government Cannabis Revenue Fund.** On or before the 10th day of each month, 12% of the excise tax revenue received during the preceding month into the Local Government Cannabis Revenue Fund established under Title 28-B, section 407; and

2. **Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund.** On or before the last day of each month, 12% of the difference between the excise tax revenue received during the preceding month pursuant to this chapter and the transfer made pursuant to subsection 1 to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund established under Title 28-B, section 1101.

**SUMMARY**

This bill establishes the Local Government Cannabis Revenue Fund and requires the transfer to the fund of revenue from the sales tax on adult use cannabis and adult use cannabis products and the cannabis excise tax. The fund must be distributed to a municipality where cannabis establishments are operating in proportion to the ratio of revenues generated by the sales and excise taxes on adult use cannabis and adult use cannabis products within the municipality to the revenues generated by all cannabis establishments operating in the State.