



127th MAINE LEGISLATURE

LD 1701

LR 2829(01)

An Act To Legalize Marijuana

Fiscal Note for Initiated Bill

Committee: Not Referred

Fiscal Note Required: Yes

Fiscal Note

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Net Cost (Savings)				
General Fund	\$0	\$0	(\$2,744,000)	(\$10,486,000)
Revenue				
General Fund	\$0	\$0	\$2,744,000	\$10,486,000
Other Special Revenue Funds	\$0	\$0	\$56,000	\$214,000

Fiscal Detail and Notes

This citizen initiated bill legalizes recreational marijuana and assesses a sales tax of 10%. All revenue collected pursuant to this new sales tax, which is established within Title 36, Part 3, must be deposited in the General Fund. Existing statute (Title 30-A, section 5681) requires 2% of receipts from taxes imposed under Title 36, Part 3 (among others) and credited to the General Fund be transferred to the Local Government Fund (LGF) and distributed as municipal revenue sharing. The 2% transfer increases to 5% beginning July 1, 2019. This fiscal note assumes the revenue created by the 10% tax will be subject to the LGF transfer. Assuming a January 1, 2018 effective date, State General Fund revenue would increase by \$2,744,000 in fiscal year 2017-18 and by \$10,486,600 in fiscal year 2018-19 and LGF revenue would increase by \$56,000 in fiscal year 2017-18 and by \$214,000 in fiscal year 2018-19.

The initiative designates the Department of Agriculture, Conservation and Forestry (ACF) as the state licensing authority for retail marijuana. ACF may collect fees of \$250 to \$2,500 from each retail marijuana store license, \$10 to \$100 per unit block from each retail marijuana cultivation facility license, \$100 to \$1,000 from each retail marijuana products manufacturing facility license, \$500 from each retail marijuana testing facility license, \$250 to \$2,500 from each retail marijuana social club license and other fees determined by ACF for certain other occupational licenses. Half of the revenue from these fees will go to the State and half will go to the municipality in which the establishment or club is located. Although there is no way to predict how many municipalities will allow marijuana establishments within their borders, this fiscal note assumes ACF will set license fees to generate enough revenue to cover ACF costs. ACF will require funding of approximately \$132,633 in fiscal year 2016-17 and \$2,379,534 in fiscal year 2017-18 for 3 permanent positions in fiscal year 2016-17 and an additional 15 permanent positions (18 total) in fiscal year 2017-18, related costs and certain one-time costs to regulate and control the licensing of the cultivation, manufacture, distribution, testing and sale of retail marijuana and retail marijuana products. As these funding requirements will begin prior to receipt of revenues from licensing fees, General Fund appropriations will be required until other fee revenue becomes available.

The Department of the Attorney General, the Judicial Department, the Maine Commission on Indigent Legal Services and the Department of Corrections will experience a decrease in the number of marijuana-related offenses. The amount of savings generated from the reduction in the number of civil and criminal cases is expected to be significant. Some of these savings may be offset by increased legal costs related to the licensing process and the regulation of the legalized marijuana industry.