



131st MAINE LEGISLATURE

LD 1063

LR 242(02)

An Act to Provide Equitable Tax Treatment to State-licensed Cannabis Businesses

Fiscal Note for Bill as Amended by Committee Amendment " "

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	(\$327,388)	(\$1,096,689)	(\$906,849)	(\$777,772)
Appropriations/Allocations				
General Fund	\$93,918	\$123,845	\$128,147	\$132,604
Revenue				
General Fund	(\$1,140,000)	(\$1,444,000)	(\$1,691,000)	(\$1,900,000)
Other Special Revenue Funds	(\$60,000)	(\$76,000)	(\$89,000)	(\$100,000)
Transfers				
General Fund	\$1,561,306	\$2,664,534	\$2,725,996	\$2,810,376
Other Special Revenue Funds	(\$1,561,306)	(\$2,664,534)	(\$2,725,996)	(\$2,810,376)

Fiscal Detail and Notes

This bill makes the income tax deduction for cannabis business expenses, currently available to registered caregivers and registered dispensaries, also available to cannabis manufacturing facilities, establishments and testing facilities. It will decrease General Fund revenue by \$1,140,000 in fiscal year 2023-24 and by \$1,444,000 in fiscal year 2024-25 and decrease Local Government Fund revenue by \$60,000 in fiscal year 2023-24 and \$76,000 in fiscal year 2024-25.

The bill requires that funds from the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund (PHSMO) be transferred to the General Fund in June of each year to offset the revenue loss in the prior calendar year from the tax deduction for cannabis business expenses and to fund the cost of a position in the Department of Administrative and Financial Services (DAFS), Bureau of Revenue Services. The bill includes a transfer of \$1,561,306 in fiscal year 2023-24 and \$2,664,534 in fiscal year 2024-25 from the PHSMO Other Special Revenue Funds account to the General Fund for this purpose. The PHSMO currently has sufficient funds for the transfer. However, other authorized expenditures from the PHSMO may increase to the point that sufficient funds are not available to offset the tax revenue loss and position cost.

The bill includes ongoing General Fund appropriations to the DAFS, Bureau of Revenue Services of \$93,918 in fiscal year 2023-24 and \$123,845 in fiscal year 2024-25 for one Senior Tax Examiner position, effective October 1, 2023, to administer income tax deductions for cannabis businesses.