



# 131st MAINE LEGISLATURE

LD 1405

LR 1636(03)

## An Act to Change How Adult Use Cannabis Excise Tax Is Calculated

### 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
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$3,920,476	\$9,799,365	\$10,102,380
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$130,476	\$134,365	\$138,380
<b>Revenue</b>				
General Fund	\$0	(\$3,790,000)	(\$9,665,000)	(\$9,964,000)
Other Special Revenue Funds	\$0	(\$363,000)	(\$1,255,000)	(\$1,327,000)

### Fiscal Detail and Notes

This bill reduces the excise tax per pound on cannabis products beginning January 1, 2025 and changes the excise tax on cannabis products to 10% of the average wholesale price beginning January 1, 2027. In fiscal year 2024-25, cannabis excise tax revenue will decrease by \$4,282,000 and cannabis sales tax revenue will increase by \$129,000, resulting in a net decrease in General Fund revenue of \$3,790,000. The increase in cannabis sales tax revenue results from increased sales volume as prices decrease in response to lower excise taxes, which more than offsets the negative impact of the price decrease on sales tax revenue.

The bill also reduces revenue to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund by \$368,000 in fiscal year 2024-25 and increases revenue to the Local Government Fund by \$5,000 in fiscal year 2024-25, resulting in a net reduction of \$363,000 in Other Special Revenue Funds.

This bill includes ongoing General Fund appropriations of \$130,476 starting in fiscal year 2024-25 to the Office of Cannabis Policy within the Department of Administrative and Financial Services (DAFS) for one Auditor II position and associated costs. Administrative costs to the Bureau of Revenue Services within DAFS to implement the changes in the cannabis excise tax are expected to be minor and can be absorbed within existing budgeted resources.