

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-THREE

S.P. 432 - L.D. 1063

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

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

**Sec. 1. 28-B MRSA §1101, sub-§2, ¶D** is enacted to read:

D. Any funds remaining in the fund after expenditures made in accordance with paragraphs A to C must be used to fund:

(1) The cost of the tax deductions for business expenses related to carrying on a business as a cannabis establishment or a testing facility provided pursuant to Title 36, section 5122, subsection 2, paragraph PP and Title 36, section 5200-A, subsection 2, paragraph BB. By June 1st annually, the State Tax Assessor shall determine the cost of those deductions during the prior calendar year and report that amount to the State Controller, who shall transfer that amount from the remaining funds in the fund to the General Fund; and

(2) The cost of the position in the Bureau of Revenue Services within the department to administer the tax deductions provided pursuant to Title 36, section 5122, subsection 2, paragraph PP and Title 36, section 5200-A, subsection 2, paragraph BB. By June 1st annually, the commissioner shall determine the cost of the position in the bureau to administer those deductions during the prior calendar year and report that amount to the State Controller, who shall transfer that amount from the remaining funds in the fund to the General Fund.

**Sec. 2. 36 MRSA §5122, sub-§2, ¶PP**, as enacted by PL 2017, c. 452, §31, is amended to read:

PP. For taxable years beginning on or after January 1, 2018, for business expenses related to carrying on a trade or business as a registered caregiver or a registered dispensary, as defined in Title 22, section 2422, an amount equal to the deduction that would otherwise be allowable under this Part to the extent that the deduction is disallowed under the Code, Section 280E. For taxable years beginning on or after January 1, 2023, for business expenses related to carrying on a trade or business as a registered caregiver, a registered dispensary or a manufacturing facility, as defined in

Title 22, section 2422, or a cannabis establishment or testing facility, as defined in Title 28-B, section 102, an amount equal to the deduction that would otherwise be allowable under this Part to the extent that the deduction is disallowed under the Code, Section 280E.

**Sec. 3. 36 MRSA §5200-A, sub-§2, ¶BB**, as enacted by PL 2017, c. 452, §32, is amended to read:

BB. For taxable years beginning on or after January 1, 2018, for business expenses related to carrying on a trade or business as a registered caregiver or a registered dispensary, as defined in Title 22, section 2422, an amount equal to the deduction that would otherwise be allowable under this chapter to the extent that the deduction is disallowed under the Code, Section 280E. For taxable years beginning on or after January 1, 2023, for business expenses related to carrying on a trade or business as a registered caregiver, a registered dispensary or a manufacturing facility, as defined in Title 22, section 2422, or a cannabis establishment or testing facility, as defined in Title 28-B, section 102, an amount equal to the deduction that would otherwise be allowable under this chapter to the extent that the deduction is disallowed under the Code, Section 280E.

**Sec. 4. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Revenue Services, Bureau of 0002**

Initiative: Establishes one limited-period Tax Examiner position through June 7, 2025 and provides funding for related All Other costs.

| <b>GENERAL FUND</b>       | <b>2023-24</b>  | <b>2024-25</b>   |
|---------------------------|-----------------|------------------|
| Personal Services         | \$88,100        | \$119,500        |
| All Other                 | \$5,818         | \$4,345          |
| <b>GENERAL FUND TOTAL</b> | <b>\$93,918</b> | <b>\$123,845</b> |