1   L.D. 1405

2   Date: (Filing No. H-   )

3   TAXATION

4   Reproduced and distributed under the direction of the Clerk of the House.

5   STATE OF MAINE
6   HOUSE OF REPRESENTATIVES
7   131ST LEGISLATURE
8   SECOND REGULAR SESSION

9   COMMITTEE AMENDMENT "   " to H.P. 901, L.D. 1405, "An Act to Change How
10   Adult Use Cannabis Excise Tax Is Calculated"

11   Amend the bill by striking out everything after the enacting clause and inserting the
12   following:

13   '**Sec. 1. 36 MRSA §4921, sub-§1-A** is enacted to read:

14   **1-A. Average wholesale price.** "Average wholesale price" means the median
15   wholesale price per pound or fraction thereof of cannabis flower or cannabis trim that is
16   sold or transferred from cultivation facility licensees to other licensees in the State, as
17   determined by the department on an annual basis by routine technical rulemaking as
18   described by Title 5, chapter 375, subchapter 2-A.

19   **Sec. 2. 36 MRSA §4921, sub-§2-A** is enacted to read:

20   **2-A. Department.** "Department" has the same meaning as in Title 28-B, section 102,
21   subsection 14.

22   **Sec. 3. 36 MRSA §4923, sub-§1,** as amended by PL 2021, c. 323, §3 and amended
23   by c. 669, §5, is further amended to read:

24   **1. Excise tax on cannabis flower.** A Prior to January 1, 2025, a cultivation facility
25   licensee shall pay an excise tax of $335 per pound or fraction thereof of cannabis flower
26   sold to other licensees in the State. Beginning January 1, 2025 and prior to January 1, 2027,
27   a cultivation facility licensee shall pay an excise tax of $150 per pound or fraction thereof
28   of cannabis flower sold to other licensees in the State. Beginning January 1, 2027, a
29   cultivation facility licensee shall pay an excise tax of 10% of the average wholesale price
30   of cannabis flower sold to a products manufacturing facility, as defined in Title 28-B,
31   section 102, subsection 43, or a cannabis store, as defined in Title 28-B, section 102,
32   subsection 34, in the State.

33   **Sec. 4. 36 MRSA §4923, sub-§2,** as enacted by PL 2019, c. 231, Pt. B, §7 and
34   amended by PL 2021, c. 669, §5, is further amended to read:

COMMITTEE AMENDMENT

1   **2. Excise tax on cannabis trim.** A ~~A~~ Prior to January 1, 2025, a cultivation facility
2   licensee shall pay an excise tax of $94 per pound or fraction thereof of cannabis trim sold
3   to other licensees in the State. Beginning January 1, 2025 and prior to January 1, 2027, a
4   cultivation facility licensee shall pay an excise tax of $20 per pound or fraction thereof of
5   cannabis trim sold to other licensees in the State. Beginning January 1, 2027, a cultivation
6   facility licensee shall pay an excise tax of 10% of the average wholesale price of cannabis
7   trim sold to a products manufacturing facility, as defined in Title 28-B, section 102,
8   subsection 43, or a cannabis store, as defined in Title 28-B, section 102, subsection 34, in
9   the State.

10   **Sec. 5. Appropriations and allocations.** The following appropriations and
11   allocations are made.

12   **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

13   **Adult Use Cannabis Regulatory Coordination Fund Z264**

14   Initiative: Provides funding for one Auditor II position and associated costs.

15	**GENERAL FUND**	**2023-24**	**2024-25**
16	POSITIONS - LEGISLATIVE COUNT	0.000	1.000
17	Personal Services	$0	$121,563
18	All Other	$0	$8,913
19			
20	GENERAL FUND TOTAL	$0	$130,476

21   '

22   Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
23   number to read consecutively.

24   **SUMMARY**

25   This amendment reduces the cannabis excise tax rate, beginning January 1, 2025 and
26   prior to January 1, 2027, from $335 per pound to $150 per pound for cannabis flower and
27   from $94 per pound to $20 per pound for cannabis trim. Beginning January 1, 2027, the
28   excise tax rate for each product is 10% of the average wholesale price per pound or fraction
29   thereof when sold or transferred to manufacturing or retail licensees. The average
30   wholesale price must be determined annually by the Department of Administrative and
31   Financial Services by routine technical rule.

32   **FISCAL NOTE REQUIRED**
33   **(See attached)**

COMMITTEE AMENDMENT