



March 30th, 2023

To: **Senator Grohoski, Representative Perry, and Esteemed Members of the Joint Standing Committee on Taxation**

From: **Alex McMahan**
Lewiston, Maine 04240

Subject: Support of LD 1063

I'm here today to testify in support of LD 1063

Section 280E of the Internal Revenue Code forbids businesses from deducting otherwise ordinary business expenses from gross income associated with the "trafficking" of Schedule I or II substances, as defined by the Controlled Substances Act of 1970. It is essentially the tax code created by the federal government to allow drug traffickers to pay their income tax. Cannabis is of course still prohibited under federal law, however, it is legal under Maine law. This begs the question: why do cannabis business operators in Maine have to file 280E with the State? Does the State consider the cannabis industry, the fastest growing industry in Maine and Maine's largest agricultural crop, to be drug traffickers? If the answer to that question is "No," as I assume it would be, then it is only logical to pass this bill and stop treating us as such. The only possible reason why the State should continue to require us to file 280E would be if the answer to that question is "yes, the State of Maine does consider cannabis business operators to be drug traffickers." If that is the case, please let us know now. Otherwise, I look forward to 280E being lifted in the State so that we can use that money to improve our businesses and uplift our communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex McMahan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Alex McMahan
The Healing Community MEDCo