



April 26th, 2023

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

**From: Joseph Johnson  
Auburn, Maine 04240**

**Subject: Support of LD 1384**

My name is Joseph Johnson, I live in Auburn, and I'm co owner of The Healing Community MEDCo. I'm here today to testify against excise tax in general.

My company is on both the medical and adult use side of the market. We love the medical side, and are strong proponents of the medicinal properties of the plant. That being said, we would not be opposed to converting more of our operation to adult use, because our company would simply continue to focus on the medicinal properties of cannabis. Maine doesn't have a recreational program, it has an adult use program, because some adults choose to use cannabis for medical reasons.

We cultivate approximately 8,000 square feet of plant canopy. 100% of it is medical. The only reason we haven't begun to convert portions of our cultivation to adult use is the excise tax.

We even have stores that could be converted to adult use, and again the only reason why it's not even a consideration is the excise tax. Right now, we grow the product, process it, and then sell it at our stores. We are able to set prices at our stores based on margins that make sense from the zoomed out scope of a vertical operation. Lewiston, where two of our medical stores are located, is a fierce market. It is very much a price driven market. We price our products accordingly. We could easily do the same thing if all of our facilities were adult use were it not for the excise tax, even though adult use cannabis is known for being priced higher than medical cannabis. As it stands, why on earth would we convert to adult use? The cultivation process wouldn't change (aside from the joy of getting to deal with those little blue tags and the track and trace program), the manufacturing process wouldn't change (aside from track and trace), and the retail wouldn't change (aside from track and trace). The cannabis would be the same. The customer experience would be the same. The only difference is we'd be expected to give \$335 per pound to the State. Why on earth would we do that? Why would we make a change to our operation that is effectively no change other than giving half a million dollars more to the State each year? Would we raise our prices to our loyal customers, for them to buy the exact same products we've been selling them for years but at a higher cost? Would we be expected to still compete with all our neighboring stores who aren't paying that extra \$335 per pound? Does this seem like it would be a sound business decision to make?



There are a million reasons why the excise tax should not exist. One thing is for certain, the guy selling out of his living room in the tree streets isn't paying any excise tax. Sometimes it seems like the State forgets who we're really competing with.

According to California lawmakers, as much as 80% of the cannabis sold in California is on the illicit market. California recognized that their tax structure is stifling the regulating market, making it unable to compete with the illicit market. California is currently working on doing away with their excise tax for this very reason. Let's not continue to make the same mistake as all other legal states. Let's set an example for how regulated cannabis can successfully compete with the illicit market, if for no other reason than the fact that we check IDs and the illicit market doesn't. Please do away with excise tax in the name of public safety.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a trailing line, representing Joseph Johnson.

Joseph Johnson  
The Healing Community MEDCo