

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *May 16, 2025, Friday at 1:00 P.M.*

LD 1654 – “*An Act to Allow a Grace Period for the Payment of Excise Tax for
Adult Use Cannabis Cultivation Facilities*”

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 1654, “*An Act to Allow a Grace Period for the Payment of Excise Tax for Adult Use Cannabis Cultivation Facilities.*”

This bill would extend the amount of time a cultivation facility licensee has to remit excise tax from the current deadline of the 15th of the following month to instead either 120 days after a sale upon which excise tax is levied or, if the cultivation facility licensee holds a separate license to operate another cannabis establishment, 120 days after the date of transfer or other specified licensed activity. For context, I will note the Governor’s Proposed Biennial Budget, Part F, proposes reducing cannabis excise tax rates by one-third and increasing the sales tax on adult use cannabis from 10% to 14%—a change designed to provide some relief to cultivators.

If the proposal moves forward, an effective date should be added. I will also note that, as drafted, the 4-month grace period would apply to both the filing of the cannabis excise tax return and the payment of that tax. However, the bill summary and title suggest the intent is to defer only payment.

To match this intent, the bill should be amended to state more clearly the intended filing period to accompany the payment, for example: “On or before the 15th day of each month, a cultivation facility licensee shall file a return, as required by the assessor, and pay to the assessor all excise taxes due under this chapter for all sales occurring in the month ending no more than 120 days prior to the first day of the month in which the return is to be filed.”

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.