

**Testimony of Linda Caprara on
Behalf of the Maine State Chamber of Commerce in Opposition to LD 1869, "An Act to Lower Property Taxes by
Allowing a Local Option Sales Tax on Recreational Cannabis Sales"
Before the Joint Standing Committee on Taxation
May 16, 2025**

Good Afternoon, Sen. Grohoski, Rep. Cloutier and Members of the Joint Standing Committee on Taxation. My name is Linda Caprara. I am the Vice President of Advocacy for the Maine State Chamber of Commerce. We are here to testify in strong opposition to LD 1869, "An Act to Lower Property Taxes by Allowing a Local Option Sales Tax on Recreational Cannabis Sales."

This bill would allow a municipality to authorize a local option sales tax of up to 1% on adult use cannabis and adult use cannabis products if approved by referendum. The bill would require that the revenue raised from the local option tax be held by the participating municipality and used strictly for education and public safety initiatives.

The Maine State Chamber of Commerce has long opposed local option taxes in any form. Local option sales taxes regardless of what they are imposed upon are nothing more than another layer of taxation at the local level. As we have testified before in the past, this bill, like others offered this session, invites a scenario where businesses in one town could face higher taxes than those in a neighboring municipality. This creates an uneven playing field that penalizes businesses based purely on geography. The tax encourages cross-border shopping and disadvantages small businesses who cannot easily absorb the impact. Sales taxes are inherently regressive, disproportionately affecting lower-income individuals. Cannabis is often used for medicinal purposes and wellness. Imposing an additional tax adds to the financial burden of folks who rely on these products for health-related issues, pushing price-sensitive consumers back into the illicit market. This potentially undermines public safety and the goals of transparency with respect to the legalization of cannabis.

Local option taxes are discriminatory targeting certain sectors of the business community such as retail or lodging and now cannabis from which these taxes are raised. Funding any municipal service such as education or public safety is the responsibility of municipal government and should never be on the backs of any specific industry or industries.

Over the past couple years, we have seen an increasing number of bills that would give municipalities the potential authority to impose local options sales taxes targeted at specific industries to fund all sorts of things such as education, affordable housing, property tax relief, the list goes on and on. But what these bills don't consider is the potential economic impact more taxes will have on local small businesses that are already struggling to survive, particularly when they compete with online retail and globally. Municipalities

need to focus on spending efficiencies and not just continually raising taxes on Maine businesses and Maine people. This will do nothing to attract businesses but discourage businesses from locating in towns that have additional taxes. This bill will make towns that impose sales taxes less attractive locations. Once local option taxes are in place, they would be virtually impossible to remove.

Ultimately, enacting a local option sales tax increases the total tax burden in the state, where our tax burden is already high enough. Again, we urge the Committee to vote No on L.D. 1869. I would be happy to answer any questions.