



Dear Senator Grohoski, Representative Cloutier and distinguished members of the taxation committee:

My name is Greg Hawes, I reside in Eddington, Maine, and I am the founder of Brothers Cannabis., a licensed Maine adult use cannabis retail establishment with locations in Newport, Bangor, Brewer and Lincoln. I support LD 1942.

When I became involved in the cannabis industry about five years ago, I had no idea how challenging it was. I have been a small business owner all my life, and currently own and operate businesses in grocery, restaurant, broadcast radio and both retail and wholesale beer, wine and spirits. I am reminded on a daily basis that operating a cannabis business is like operating a normal business with one hand tied behind my back.

While we face countless operational challenges related to the overburdensome regulations imposed on our industry on a daily basis, the greatest single obstacle to turning a profit in this business is taxes. With 280E preventing cannabis businesses from deducting normal operating expenses on our federal taxes, we are already operating on a razor thin margin to begin with.

As an owner of multiple adult use retail stores, I would like to share my perspective as it relates to LD 1942. I will distill them down to two points:

**1) Excise tax rate needs to be lowered.**

- We hear from our vendors all the time that the excise tax is killing them. Knowing from experience about all of the other taxes and expenses related to operating a cannabis business, I cannot imagine having to pay 30% of my gross revenue in an additional state tax. Some cultivators are on a payment plan with MRS that it seems like they will never catch up on. We need these small Maine businesses to remain part of our healthy legal cannabis market, but the current excise tax rate hurts those small businesses the most.

**2) Sales tax rate CANNOT be raised.**

- Being involved on the retail side of the business, I see firsthand how our customers are impacted by cost. We have customers who count out change on our counters on a regular basis. If the cost of cannabis is increased on these consumers, we will lose them to the illegal market. Our industry is fragile because of the access to illegal products. We cannot charge our customers more and expect that they will continue to choose to shop in the regulated market. Consumers have a choice, and we need them to choose the regulated market.

Please vote ought-to-pass on LD 1942 as drafted.

Respectfully, Greg Hawes