

**Testimony of Sean O'Brien, Mystique of Maine
Before the Joint Standing Committee on Taxation
Regarding the Cannabis Excise Tax
May 16, 2025**

Distinguished members of the Joint Standing Committee on Taxation,

I'm Sean O'Brien from Falmouth. I'm one of the owners of Mystique of Maine, a vertically integrated Adult Use cultivator, manufacturer, and retailer with locations in Auburn, Brewer, Gardiner, Portland, and South Portland.

We have 2 of our own cultivation licenses, and we provide services to dozens of other cultivators, so we are consistently transferring flower back and forth between cultivation and manufacturing licenses.

Please only charge Cannabis excise tax once, and only charge excise tax on Cannabis that is sellable.

Maine Revenue Services states, "all transfers in and out of a cultivator are excise taxable". As stated, this means that the same batch of flower can pay excise tax multiple times (every time it transfers in or out of a cultivation license). Instead of paying \$335 per pound once, cultivators can be forced to pay \$335 per pound multiple times.

For example, when a cultivator transfers to us for microbial mitigation, MRS can charge them excise tax 3 times - once when it transfers from cultivation to manufacturing, a second time when the same flower transfers from manufacturing back to cultivation, and a third time when the same flower transfers from cultivation to retail for sale. That's \$1005 of excise tax per pound for 1 batch of flower, which is 70-90% of the current average wholesale price.

To make matters worse, some of that flower will be wasted during the packaging process, so the cultivator will pay excise tax multiple times on flower they will never sell. MRS audits can go back almost 3 years, and unexpected tax bills will put people out of business.

Metrc, the seed to sale tracking software used by all Adult Use cultivators, manufacturers, and retailers, enables us to see when cannabis is sold by a retailer, and it shows us the cultivator name, license number, and harvest batch. That is when excise tax for Cannabis flower and PreRolls should be triggered, which would ensure that it is only paid once.

Metrc also enables us to see when a Manufacturer converts Cannabis flower or trim into a Cannabis Product, such as concentrates, edibles, and beverages. That is when excise tax should be triggered for flower and trim used to manufacture Cannabis Products, which would again ensure that excise tax is only paid once.

Please support this legislation to only charge Cannabis excise tax once, and only on Cannabis that is sellable. Thank you.