

**TESTIMONY OF
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *May 16, 2025*

LD 1960 – “*An Act to Exempt Electronic Smoking Devices or Other Tobacco Products Containing Ingestible Hemp from the Tax Imposed on Tobacco Products*”

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 1960, “*An Act to Exempt Electronic Smoking Devices or Other Tobacco Products Containing Ingestible Hemp from the Tax Imposed on Tobacco Products.*”

This bill would provide an exemption from the tobacco products tax for any electronic smoking device or other tobacco product containing ingestible consumer products containing hemp or cannabidiol (CBD) derived from hemp. However, the bill would not exempt the sale or distribution of empty electronic smoking devices to retailers or producers in Maine that intend to fill the device with hemp for sale to consumers. This bill does not address the emerging issue of intoxicating hemp products and should be considered in conjunction with that issue. Intoxicating hemp products are not subject to the excise and sales tax imposed on recreational cannabis.

The Administration would like to note the following technical concerns with the bill.

“Hemp,” as defined in 7 M.R.S. § 2231(1-A)(D), includes “*ingestible consumer products*, including food, food additives and food products *derived from hemp*, which in their final forms contain a delta-9-tetrahydrocannabinol concentration of not more than 0.3% . . . ”, and does not include medical or adult use cannabis. Since the bill uses this definition, it should be amended to read “electronic smoking device or other tobacco product containing ~~ingestible consumer products containing hemp or cannabidiol derived from hemp.~~”

The estimated administrative costs are not available at this time.

The preliminary estimated fiscal impact is not available at this time.

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.