



Maine Municipal
Association

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Testimony of the Maine Municipal Association
In Support of
*LD 88, An Act to Provide Qualifying Municipalities a Percentage of Adult Use Cannabis Sales and
Excise Tax Revenues*

March 9, 2023

Senator Grohoski, Representative Perry and members of the Taxation Committee, my name is Rebecca Lambert and I am providing testimony in support of LD 88 on behalf of Maine Municipal Association's (MMA) Legislative Policy Committee (LPC). For reference, the LPC provides direction to the advocacy team at MMA and establishes the position on bills of municipal interest.

Across the country where adult use cannabis has been approved, local governments who have opted into the program have seen benefits in various ways from a portion of the tax revenue. For example, Nevada dedicates 15% of tax revenue to local governments, Massachusetts and California provide for a local option sales tax to be imposed, and in Michigan, 15% of the excise tax is earmarked for county government, with an additional 15% for municipalities—equating to a nearly \$10 million dollar investment in municipal and county governments.

Generally, Maine's local leaders are reluctant to take on new responsibilities at a cost to the property taxpayers. Since the adoption of the Cannabis Legalization Act, these leaders have spent hundreds of hours educating themselves and spent thousands of dollars perfecting and adopting related ordinances. Without the support and investment from municipal officials, the revenues to the state would be significantly less. For this reason, the LPC believes it is appropriate to share a portion of the related excise and sales tax revenues with the communities where the revenue was generated.

It's safe to say, local leaders have stepped up to the plate to support the Office of Cannabis Policy's regulatory and educational efforts and have even helped to expand the industry where these businesses are welcome. Sharing a portion of the sales and excise tax revenues with the communities in which the revenue was generated, would help lessen the tight budgets that municipalities face annually and help foster the state/municipal/industry partnership that was envisioned in 2016.

The bill before you would use a 12% share approach. Historically, LD 335, which was presented during the 129th Maine State Legislature, also utilizing a 12% sharing method, received support from a majority of the Taxation Committee, was adopted by both chambers, but died on the Appropriations table when the legislature did not reconvene in 2020, due to the pandemic.

The LPC kindly urges the committee to vote ought to pass on LD 88. Thank you for your time and for considering the municipal perspective on this issue.