

Senator Grohoski, Representative Perry and members of the Taxation Committee, thank you for your service.

My name is Natasha Johnson, I live and own a very small Adult Use cannabis shop in Southwest Harbor. I am here to testify in support of LD 1063 "An Act to Provide Equitable Tax Treatment to State-licensed Cannabis Businesses".

Maine's first Adult Use cannabis establishments opened in October 2020. These establishments are required to pay state and federal income taxes. We have never been allowed to claim any exemptions on state or federal income taxes. However, since 2011, Medical establishments in Maine have had the right to claim exemptions under Code Section 280E on their state income taxes.

In 2020 the 129th Legislature LD 1322 "An Act to Provide Equitable Tax Treatment to State Licensed Marijuana Businesses" sponsored by Erik Jorgensen from District 41 was unanimous throughout its process but died upon conclusion of the Legislature that year, I can only assume through covid impacts, just like the delay of the industry which was anticipated to begin in the spring of 2020 but didn't come to fruition until the following October. Now is the time for Maine to correct this delay in fair and equal taxation between the two arms of the same industry; Medical and Adult-Use, and instead implement non-biased, non-prejudiced operations. It does not make sense to approve of and allow income exemptions to medical establishments and not for the most regulated side of the industry in the state of Maine. Adult Use cannabis is more strictly regulated than the medical side. We are state approved, licensed, tested and have state tracked sales within the seed to sale system.

My husband and myself worked with the town of Southwest Harbor for over three years going through the process of opting-in to the cannabis industry via an ordinance that was forward thinking, protective of our youth and introduced it into our community in a responsible manner. We opened a small adult use cannabis business in July of 2021, and currently I am the Vice Chair on the Selectboard of Southwest Harbor. I understand that the entire cannabis issue is complicated. However, I took an oath of office to uphold the constitution and the laws of the State, as all of you did as well. I am disappointed that in the past our Legislature has not been more supportive of this industry since it was made legal in our state by the will of the people.

The income of all adult use cannabis establishments are completely misrepresented, overstated and inaccurate in our taxes as it is submitted as the gross amount of our businesses. It feels like following the laws, being honest and doing the right thing by dotting our I's and crossing our t's and reporting to the penny, we are not being treated fairly. Passage of LD 1063 would have a large impact on my small business.

For example, when we opened during the Covid pandemic in 2021, if we had been able to claim the allowed business expenses under Code Section 280E, our family of 4 would have been under the financial threshold for stimulus funds and we would have been eligible for some covid relief. However, since our reported income does not take into consideration any exemptions that all other businesses in the state of Maine are afforded, we were ineligible. Unfair bias against this industry is not only affecting the cannabis businesses directly but also the families that own our small mom and pop cannabis shops – like mine.

We are doing our best to be responsible business owners in this industry and following all of the rules in the State of Maine, and we will continue to do so. But I came here today to ask you to please pass LD 1063. In fact, my hope is that this legislature will not only pass this bill but will also make it retroactive to when the Adult Use cannabis sector started in 2020. At that time, there were less than 57 businesses in the Adult Use Cannabis industry, as of last month; February 2023, there were 269 establishments. Maine's constitution calls for taxes to be apportioned and assessed equally – currently allowing exemptions under Code Section 280E for only the medical portion of the cannabis industry causes an unequal tax burden being placed on Adult Use.

Thank you for your consideration on this bill, I appreciate the opportunity to address you.

-Natasha Johnson