

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Health and Human Services
Hearing Date: *Tuesday, February 1, 2022*

LD 1582 – *“An Act To Enact the Maine Psilocybin Services Act”*

Senator Claxton, Representative Meyer, and members of the Health and Human Services Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am here today at the request of the Administration to testify Neither For Nor Against LD 1582, *“An Act To Enact the Maine Psilocybin Services Act.”*

My testimony today is limited to Sections 21 and 25 of the bill, which would impose a 15% tax on the retail sales price of psilocybin products. LD 1582 was modeled on language found in Oregon’s State Measure 109, which passed in that state in November 2020. Oregon is one of five states that do not impose a broad-based sales tax. Many of the provisions for the administration of psilocybin products taxation enacted under Measure 109, and contained in LD 1582, can currently be found in Maine’s tax laws, including recordkeeping requirements, enforcement and liability provisions, and many of the proposed definitions.

Section 25 of LD 1582 requires DHHS to consult with, among other agencies, Maine Revenue Services, to “examine the laws of this State and develop recommendations for any amendments to those laws” to conform to the intent of the Act and to make the Act “as consistent as possible in substance to the laws governing psilocybin in Oregon.”

Should the bill move forward, MRS respectfully recommends incorporating the taxation of psilocybin products into Maine's existing sales tax structure instead of enacting the provisions found in Section 21 of this bill.

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.