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As an IRS enrolled agent and tax practitioner who works on a daily basis with Maine cannabis businesses, I appreciate the opportunity to submit comments to support LD 939 and to oppose LD 881 & 882.

I would like to start out by saying that I understand the need to clarify and update the program rule. My main concerns are with the financial ramifications of implementing these rules and the economic effect it would have on small cannabis businesses, as well as non-cannabis businesses, in the State of Maine, especially during this time of economic insecurity.

Many of the proposed rules may make sense if you were addressing an industry that is allowed to function at an economic parity with non-cannabis businesses. But as I'm sure you're aware, until the tax code changes, or at minimum the SAFE Banking Act is made into law, cannabis businesses have severely restricted or no access to banking (there is only one credit union in Maine at this time that will work with cannabis businesses), commercial loans, credit lines, credit card access, and other avenues that are available to other types of businesses. Many caregivers can't even get a mortgage or contribute to a retirement account.

There is a public perception that Maine caregivers are making a great deal of money, and that adhering to the preliminary program rules would be within their means. But because of the current tax code, caregivers are severely overtaxed at the Federal level. These companies can't write off any expense at the Federal level that is not plant touching. Lawyers, accountants, meals, mileage, fuel, toilet paper, payroll for office help, payroll for budtenders, some insurance, office expenses, office internet, or storefront expenses.

Larger companies that are owned by corporations, such as Wellness Connection of Maine who is owned by High Street Capital Partners, a subsidiary of New York-based Acreage that is owned by the publicly held Canadian company, Canopy Growth, are at an enormous advantage to aggressively expand and protect themselves in the Maine market at the cost of Mainers' livelihoods.

If a caregiver is forced into being the sole owner of a cultivation or storefront s/he loses access to funds that a partner can provide. Many caregiver partnerships are formed between married couples and some within families. That means twice the amount of non-deductible expenses for one household. Again, until the Federal tax laws are changed, this is an unsustainable amount of expenses for a household to incur. A \$10,000 penalty for an administrative error would be devastating for those who are diligently trying to understand and adhere to the rules. Paying two sets of legal, accountant, and bookkeeping professionals would be unreasonable and unnecessary. Lawyers and tax professionals working with one family business can better guide their decisions and keep them compliant to the best of their ability.

All of these changes proposed take time and money, and many caregivers would be forced to shut down or to veer into the black market, which is the opposite of what legalization is intended to do. For many caregivers this is their sole source of income. If change is so prohibitively expensive they would lose their livelihood, their assistants would lose their jobs, hundreds of non-cannabis businesses would also be affected from small hardware stores to larger companies such as CMP. And above all, patients would lose access to much-needed relief.

My clients are hard working and conscientious caregivers who provide supportive work environments despite the daily challenges of the industry. They spend thousands of dollars on professionals to help them navigate the system, pay their taxes, and stay in financial compliance. I strongly recommend that the ramifications of costly regulations be considered as the new rules are considered.

Thank you for your time.

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