

**Testimony of the Maine Municipal Association****In Support of*****LD 177 - An Act to Create Municipal Cannabis Revenue Sharing & LD 347 - An Act to Provide Qualifying Municipalities a Percentage of Adult Use Cannabis Sales Tax and Excise Tax Revenue*****February 12, 2025**

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Senator Hickman, Representative Supica and members of the Veterans and Legal Affairs Committee, my name is Rebecca Lambert, and I am providing testimony in support of LD 177 and LD 347 on behalf of the Maine Municipal Association's (MMA) elected 70-member Legislative Policy Committee (LPC). For reference, the LPC guides MMA's advocacy efforts and establishes positions on bills of municipal interest.

Municipal officials express strong support for both LD 177 and LD 347 aimed to share a greater portion of cannabis revenue with municipalities who have opted in to allow these businesses within their jurisdictions. They appreciate the recognition and would only suggest disbursing the shared revenue proportionally among the municipalities where the revenue was generated.

When Maine voters approved cannabis legalization, the intent was to create a regulated market that benefits the state and local communities. Municipalities that have opted in to allow cannabis businesses have taken on the responsibilities of zoning, permitting, law enforcement coordination, and public safety oversight, among other duties. These responsibilities require resources, yet under the current system, many of these municipalities do not receive a direct share, except the portion distributed through the traditional revenue sharing program, of the revenue they helped to generate. Local leaders feel it is both fair and necessary to ensure that local governments receive a portion of the revenue generated by the industry they help regulate and support.

Cannabis revenue sharing, in any manner, would provide much-needed financial support for local infrastructure, law enforcement, public health initiatives, and community programs. It would also incentivize more municipalities to participate in the legal cannabis market, expanding access to regulated and tested products while reducing the prevalence of illicit sales. Fair revenue distribution strengthens local economies and ensures the sustainability of Maine's cannabis industry.

Across the country where cannabis legalization has occurred, local governments who have opted into the program have seen the benefit 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.

LD 177 and LD 347 have the potential to create a more equitable system that benefits both the state and the communities that make this industry possible. Thank you for your commitment to ensuring a fair and sustainable future for Maine's cannabis industry and the municipalities who support it. I appreciate your time and consideration of the municipal perspective.