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May 8, 2025

Re: LD 1831, An Act to Support Small Adult Use Cannabis Businesses by Establishing a Micro Cannabis Facility License

Senator Hickman, Representative Supica, Members of the Joint Standing Committee on Veterans and Legal Affairs:

The Office of Cannabis Policy (OCP) respectfully submits the following comments neither for nor against LD 1831 to provide the committee with information to consider regarding the establishment of micro cannabis facilities as a new adult use cannabis establishment license type.

The micro cannabis facilities proposed in this bill would be permitted to participate in the cultivation (up to 1,000 square feet), manufacture, and sale of adult use cannabis and cannabis products to consumers all through one license type. This approach is comparable to the registered caregiver and registered dispensary models in Maine's medical cannabis program, where those registrants can conduct a number of authorized activities under one registration type. This does, however, vary from the current licensing structure in the adult use program where cultivation facilities, products manufacturing facilities, and cannabis stores are each licensed separately and specific to the authorized activity being conducted at that facility.

While the Office is generally supportive of the creation of a new micro cannabis facility license, it is imperative that those licensees be held to the same standards for inventory tracking, mandatory testing, local authorization, and taxation as all other adult use cannabis licensees across the state. At present, this bill does specify that micro cannabis facilities shall track all adult use cannabis and cannabis products from seed to sale. It also makes clear that micro cannabis facilities would be "subject to the same requirements and restrictions" applicable to existing cultivation facilities, products manufacturing facilities, and cannabis stores. It is the Office's expectation that those provisions would extend the mandatory testing standards and local authorization requirements applicable to other adult use cannabis establishments to micro cannabis facilities.

This bill does maintain parity when it comes to the sales tax, requiring micro cannabis facilities that sell adult use cannabis and cannabis products to consumers to collect and pay to the State Tax Assessor the applicable sales tax, as is required of adult use cannabis stores. However, adult use cannabis cultivated and sold by micro cannabis facilities would not be subject to the excise tax on adult use cannabis applicable to all other adult use cultivation facilities. This would offer a significant advantage to micro cannabis facility cultivators over other cultivators, particularly those Tier 1 and Tier 2 cultivators operating at a similar scale yet still being subject to excise tax – all of which raises constitutional concerns around equal application of the laws governing the taxation of cannabis. That being said, the Office continues to support a reduction of the excise tax for all adult use cannabis cultivation facilities across the board.

As always, we thank the committee for its consideration of our comments and we are happy to take any questions you may have at the work session.