



131st MAINE LEGISLATURE

LD 1691

LR 1925(02)

An Act to Provide Parity in State Energy Rate Relief Payments and Tax Exemptions for Maine Cannabis Businesses

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$947,397	\$1,226,137	\$1,260,853	\$1,296,758
Appropriations/Allocations				
General Fund	\$947,397	\$1,226,137	\$1,260,853	\$1,296,758
Revenue				
Other Special Revenue Funds	(\$1,572,236)	(\$1,572,236)	(\$1,572,236)	(\$1,572,236)

Fiscal Detail and Notes

This bill waives annual registration fees for registered caregivers in the medical cannabis program if the Office of Cannabis Policy (OCP) has deemed them compliant with applicable rules and regulations and they received an annual inspection in the prior year. The bill also provides that cannabis businesses, which were otherwise eligible for financial energy rate relief provided as a result of Resolve 2021, c.168 but were not provided the relief because the business was engaged in a cannabis-related activity, are entitled to receive the financial relief they would have received with funding transferred from the Medical Use of Cannabis Fund (Medical Use Fund) or the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund (Adult Use Fund).

The OCP has indicated that at current staffing levels, annual inspections of registered caregivers occur once every 2 to 3 years and that additional staffing and resources will be required to increase the frequency of inspections to an annual basis. The bill includes ongoing General Fund appropriations of \$947,397 beginning in fiscal year 2023-24 for 7 Field Investigator positions, 2 Field Investigator Supervisor positions and associated All Other costs. These positions are not funded by allocations from the Medical Fund as increased inspections will increase the number of caregivers eligible to receive waived annual registration fees, which will reduce revenue to the Medical Use Fund by \$1,572,236 beginning in fiscal year 2023-24.

It is estimated that roughly 2,311 medical cannabis businesses and 258 adult use cannabis businesses would be eligible to receive the energy rate relief proposed in this bill. Under Resolve 2021, c.168, the average relief payment was \$2,398. Using this average, the estimated transfer from the Medical Use Fund will be \$5,541,778 and the estimated transfer from the Adult Use Fund will be \$618,684. Without additional information from utility providers, an exact estimate is unable to be completed at this time. It is noted that the large transfer from the Medical Use Fund may jeopardize its intended use as funding for the Office of Cannabis Policy.

Adding cannabis to the definition of commercial agricultural production associated with the sales tax refund on depreciable machinery and equipment will reduce General Fund revenue by minor amounts.