

MLI Committee
L.D. 1719
"the marijuana bill"
Majority OTP-AM
adopted 16-1

Rep. Teresa Pierce, chair

Rep. Don Marean
Rep. Erik Jorgensen
Rep. Aaron Frey
Rep. Lydia Blume
Rep. Kim Monaghan
Rep. Craig Hickman
Rep. Kent Ackley
Rep. Patrick Corey
Rep. Lance Harvell
Rep. Bruce Bickford
Rep. Jeff Hanley

Sen. Roger Katz, chair

Sen. Mark Dion
Sen. Kim Rosen
Sen. Joyce Maker
Sen. Susan Deschambault

Since January 2018. . .

Our tripartisan committee revisited the bill while staying true to our guiding principles to:

- **Protect the safety and well-being of Maine residents**, particularly our youth;
- **Set up a rigorous licensing system** for cultivation, product production, and retail sale;
- Provide an **entrepreneurial edge to Maine residents**—giving them first crack at the economic opportunities, legalization offers;
- Ensure **“local control”** through **an OPT-IN system** so communities decide for themselves if they want licensed activity in their town or not;
- **Discourage diversion** to the illegal market, and
- **Fairly tax** these new businesses.

In developing L.D. 1719, the committee worked for 16 months with the public and a wide range of stakeholders, including:

- Law Enforcement
- YES on 1
- NO on 1
- Maine Municipal Association
- Christian Civic League
- Caregivers
- Dispensaries
- The Administration
- All four caucus leaders

Regulatory Structure

- The Department of Administrative and Financial Services (DAFS) will serve as the oversight and licensing agency for the adult-use marijuana market (as well as the Medical Marijuana system).
- DAFS is will work in consultation with the following agencies in its Rule Making and Regulation:
 - Department of Agriculture, Conservation and Forestry
 - Department of Labor
 - Department of Public Safety

Adult-Use Marijuana Licenses

- **Nursery facility**: growth and sale of immature plants, clones and seeds.
- **Cultivation facilities**: marijuana farms (indoor and outdoor)
 - Four different tiers of increasing canopy size (plant count) starting at 30 plants, capping out at 20,000 sq ft canopy.
- **Manufacturing facilities**: production of marijuana products (foods, oils, tinctures, etc.)
- **Testing facilities**: test marijuana and marijuana products for sale to the public.
- **Retail facilities**: final point of sale for marijuana and marijuana products.

General Licensing Requirements, all applicants for licenses:

- Must be 21 years of age or older;
- Must be a resident of Maine for at least 4 years and paid Maine taxes;
- If a business, majority of owners/investors must be Maine residents;
- Must not have a disqualifying drug offense within the last 10 years;
- May not be an employee of a state agency;
- Must submit to a criminal background check;
- Must submit security, facility, cultivations, etc. plans.

Child & Consumer Safety Measures

Packaging, Labeling & Advertising

- The bill sets strict advertising guidelines
 - No cartoon characters, animal shapes or bright colors that would attract children
 - No advertising/marketing that has a high likelihood or reaching person under 21 years old.
- The bill sets strict packaging requirements
 - All products must be packaged in childproof, tamperproof packaging.
- The bill also sets standards for labeling.
 - Marijuana or marijuana products must be properly labeled with all relevant data – THC content,, health and dietary data, universal marijuana symbol, etc.

Child & Consumer Safety Measures (cont'd)

Adult Use Marijuana Public Health & Safety Fund

A total of 12% of all revenues received will go into the health & safety fund. This money will fund;

- Public health and safety, awareness and education programs, particularly directed at youth.
- Law enforcement training programs for drug recognitions experts (DREs) to keep our roads safe.

Child & Consumer Safety Measures (cont'd)

- Departments will collect a wide range of data to help determine the impact of the regulated marijuana market and inform future legislation.
- Marijuana establishments must be 1000 feet from schools.
- All adult-use marijuana facilities must track all marijuana and marijuana products in a state tracking system to prevent diversion and ensure robust tax collection.

Local Control

- Municipalities will have full control of adult-use marijuana facilities within their town. Municipalities may:
 - Adopt their own standards for licensing;
 - Set specific locational restrictions on marijuana facilities;
 - Limit the number of marijuana facilities allowed;
 - Enact a ban or moratorium on marijuana facilities.
- Municipalities may write ordinances regulating home cultivation (but may not completely ban the practice).

Marijuana Advisory Commission

The commission will study how new adult use system is operating and will report its findings and ongoing recommendations to the Legislature.

The commission is comprised of 15 members, appointed by the Speaker of the House and the President of the Senate.

Members include:

- Department heads
- Public health officials
- Stakeholders
- Law enforcement

Personal Use & Home Cultivations

- Persons 21 years of age or older are allowed to possess 2.5 ounces of marijuana or marijuana products.
- Persons 21 years of age or older are allowed to have 3 mature marijuana plants, 12 immature marijuana plants, and unlimited seedlings at their residence or on someone else's land with their written permission. Regulations will:
 - Ensure marijuana is not visible from a public way;
 - Adopt reasonable precautions to prevent public from accessing;
 - Ensure compliance with local regulations.
- The dangerous practice of home extraction of marijuana concentrates is strictly prohibited.

Taxes & Revenue Sources

1. **A 10% sales tax collected at point of final sale;**
2. **An excise tax at the cultivation level(effective rate of 10%)**

Taxable Item	Dollar Amount
Marijuana Flower	\$335/pound
Marijuana Trim	\$94/pound
Immature Plant or Seedling	\$1.50/plant or seed
Marijuana Seed	\$0.30/seed

- *Adoption of an excise tax:*
 - *brings stability to state revenues in a market with known fluctuation, and*
 - *relieves "sticker shock" to the end consumer – that a high sales tax might create.*

Taxes & Revenues (cont'd)

All revenue will be sent to the state's general fund

- *Except the 12% that goes to the Adult Use Marijuana Public Health & Safety fund*

Towns may assess fees to cover administrative and enforcement costs so that municipalities may not suffer financial loss.

Total Projected Revenue and Expenses

	<u>2019</u>	<u>2020</u>	<u>2021</u>
REVENUE:			
Sales tax	\$2,130,000	\$8,800,000	\$14,100,000
Excise Tax	\$1,800,000	\$7,700,000	\$8,085,000
Licensing Fees	\$855,460	\$1,214,890	\$1,214,890
TOTAL REVENUE:	\$4,785,460	\$17,714,890	\$23,399,890
EXPENSES:	\$4,432,771	\$6,317,853	\$7,075,622

Changes from last session's marijuana bill (L.D. 1650)

- Moved the Medical Marijuana program to DAFS (*but NOT BABLO*)
- Coordination of medical and adult-use rules
- Changed the definition of “plant canopy”
 - Reduced the size of cultivation tiers
- Changed the definition of “resident”
 - Increased the residency restriction for licenses
- Added language for unorganized territories
- Reduced home cultivation plant count
 - Count is now attached to individual – NOT property
- Removed municipal revenue sharing
- Removed social clubs
- Clarified “opt-in” language for towns
- Added directive for commission to study impact the law may have on police contacts with citizens and groups of people

If L.D. 1719 does NOT pass . . .

Policy	MLI Bill, LD 1719	Current Law - Referendum Language
3-plant limit on personal home grow	Yes	No
Money allocated for child prevention	Yes	No
Money allocated for law enforcement training	Yes	No
Prohibits internet sales	Yes	No
Prohibits home deliveries	Yes	No
Prohibits drive-thru windows	Yes	No
Opt-in language for towns	Yes	No
Penalties for violators/violations	Yes	No
Data collection for smart policy - moving forward	Yes	No
Effective tax rate of 20%	Yes	No
Prohibits social clubs	Yes	No
Medical program oversight moved to DAFS	Yes	No
Prohibits medical and adult use colocation of stores	Yes	No

Committee Bill (L.D. 1719)

Majority OTP-AM (16-1)

- This bill creates a well regulated market, based on the citizens' initiative
- Who is asking us to pass L.D. 1719?
 - Our town officials
 - Our law enforcement
 - Our employers
 - Our business community
 - Our neighbors, our parents, and our children