Majority OTP-AM
MLI Committee Bill
L.D. 1719

Rep. Teresa Pierce
Rep. Erik Jorgensen
Rep. Aaron Frey
Rep. Lydia Blume
Rep. Kim Monaghan
Rep. Craig Hickman
Rep. Kent Ackley
Sen. Mark Dion
Sen. Susan Deschambault

Sen. Roger Katz
Sen. Kim Rosen
Sen. Joyce Maker
Rep. Don Marean
Rep. Patrick Corey
Rep. Lance Harvell
Rep. Bruce Bickford
Rep. Jeff Hanley

July 19, 2018
Over the last 6 months . . .

The committee renewed its commitment to achieving its goals while following its guiding principals;

- Create a framework that promotes the health, risk management, safety and well-being of Maine residents and protects our youth.

- Create a framework that supports safe communities, including our homes, schools, public spaces and streets.

July 19, 2018
In developing L.D. 1719, the committee has worked with a wide range of stakeholders:

- YES on 1
- NO on 1
- Maine Municipal Association
- Christian Civic League
- Caregivers
- Dispensaries
- House republican leadership
The process to arrive at what will be coming to the House floor was very similar to budget process.

- Compromise
- Give and take
- Policy we hate – policy we love

It was VERY difficult to find something EVERYONE could live with – but we did!
The Department of Administrative and Financial Services (DAFS) will serve as the oversight and licensing agency for the adult-use marijuana market.

- DAFS is able to work in consultation with the following agencies for Rule Making and Regulation:
  - Department of Agriculture, Conservation and Forestry;
  - Department of Labor;
  - Department of Public Safety
General Licensing Requirements

- Applicant must be 21 years of age or older;
- Applicant must be a resident of Maine for at least 4 years and paid Maine taxes;
- Majority of stakeholders or investors must be Maine residence;
- Applicant must not have a disqualifying drug offense within the last 10 years;
- Applicant may not be an employee of a state agency;
- Applicant must submit to a criminal background check;
- Applicant must submit security, facility, cultivations, etc. plans.
Licensed Adult-Use Marijuana Facilities

- **Cultivation facilities** – marijuana farms (indoor and outdoor)
  - Four different tiers increasing ranges of allotted canopy size (plant count): starting at 30 plants, capping out at 20,000 sqft canopy.
- **Nursery facility** – growth and sale of immature plants, clones and seeds.
- **Manufacturing facilities** – production of marijuana products.
- **Testing facilities** – test marijuana and marijuana products for sale to the public.
- **Retail facilities** – final sales of marijuana and marijuana products.
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
  - Any marijuana products purchased from a retail facility must be put into a childproof/tamperproof packaging.
- The bill also sets standards for labeling.
  - Marijuana or marijuana products must be properly labeled with all relevant data – THC content, universal marijuana symbol, health and dietary data, etc.
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, initiatives, campaigns.

- Law enforcement training programs relating to drug recognitions experts (DREs) and keeping our roads safe.
Child & Consumer Safety Measures Con’t

- Departments will collect a wide range of data to help determine the impact of the regulated marijuana market
  - Critical to informing 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
  - Prevents diversion
Local Control

- Municipalities have full control on adult-use marijuana facilities within their town.
  - Allowed to adopt their own standards for licensing;
  - Set specific locational restrictions on marijuana facilities;
  - Set a specific number of marijuana facilities allowed;
  - Outright ban or moratorium on marijuana facilities.

- Municipalities have the ability to write ordinances around home cultivations – cannot outright ban home cultivation.
Marijuana Advisory Commission

The commission is to continue the study of laws relating to marijuana and will report its findings 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 permission.
  - Ensure marijuana is not visible from a public way
  - Take reasonable precautions to prevent public from accessing
  - Comply with local regulations

- Prohibits home extraction of marijuana concentrates.
Taxes & Revenues

A 10% sales tax to be imposed at final sale

Excise tax to be imposed (effective rate of 10%)

- The existence of an excise tax brings stability to state revenues in a market with known fluctuation.
- Also relieves “sticker shock” to the end consumer – as with a sales tax greater than 10%.

<table>
<thead>
<tr>
<th>Taxable Item</th>
<th>Dollar Amount</th>
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</thead>
<tbody>
<tr>
<td>Marijuana Flower</td>
<td>$335/pound</td>
</tr>
<tr>
<td>Marijuana Trim</td>
<td>$94/pound</td>
</tr>
<tr>
<td>Immature Plant or Seedling</td>
<td>$1.50/plant or seed</td>
</tr>
<tr>
<td>Marijuana Seed</td>
<td>$0.30/seed</td>
</tr>
</tbody>
</table>
Taxes & Revenues Con’t

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

Revenue sharing – specific to adult-use marijuana revenue - was removed from the bill
  • That revenue still goes back to towns in the 2% revenue sharing statewide

HOWEVER! In statute (30-A) – allows town to assess fees that cover the administrative costs and enforcement – allowing to cover all costs.
Fiscal Year | Amount
---|---
FY 19 | $2,087,500
FY 20 | $8,360,000
FY 21 | $13,395,000

Numbers above are a result of L.D. 1719

There is revenue already on the books resulting from L.D. 88 and L.D. 243 which is added with L.D. 1719 numbers above

Also, fees are not included in the fiscal note
Changes from 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 . . .

<table>
<thead>
<tr>
<th>Policy</th>
<th>MLI Bill, LD 1719</th>
<th>Current Law - Referendum Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-plant limit on personal home grow</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Money allocated for child prevention</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Money allocated for law enforcement training</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Prohibits internet sales</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>Prohibits home deliveries</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Prohibits drive-thru windows</td>
<td>Yes</td>
<td>No</td>
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<td>Opt-in language for towns</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Penalties for violators/violations</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Data collection for smart policy - moving forward</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Effective tax rate of 20%</td>
<td>Yes</td>
<td>No</td>
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</table>
This bill is not perfect – but it’s a great start!

We need to pass L.D. 1719, people are asking for it . . .

- Our town officials
- Our law enforcement
- Our employers
- Our parents
- Our children