



Article 31: Accept MGL Ch. 64N, Section 3 & adopt at 3% Local Sales Tax on Marijuana Products

Mr. Packard moves: that the Town take affirmative action on Article 31 as printed in the warrant.



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- What taxes apply to the sale of marijuana or marijuana products by a marijuana retailer to anyone other than a marijuana establishment?
 - State Sales Tax = 6.25%
 - State Excise Tax = 10.75%
 - Local Sales Tax = 3.00% (if accepted)
 - Total = 20.00%
- This does not apply to the sale of Medical Marijuana or the growing of marijuana.



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- Estimated Tax Revenue, State-
- DOR Estimates:
 - Taxes on recreational marijuana sales could net the state between \$44 million and \$82 million in the next fiscal year, according to a new analysis by the Massachusetts Department of Revenue, *Boston Globe* 12/6/17



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- How State Tax Revenue is expended & divided:
- 6.25% State Sales Tax goes to the State's General Fund
 - May be used for any lawful purpose
- 10.75% State Excise Tax goes to the Marijuana Regulation Fund (along with licensing fees & civil penalties)
 - First, for the implementation, administration and enforcement by the CCC and by cities & towns that authorize the operation of marijuana establishments
 - Second, to address public & behavioral health issues, including grants to schools; public safety; municipal police training; and to fund the Prevention and Wellness Trust Fund



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- Potential Local Revenue:
- Host Community Agreement- may impose an impact fee of up to 3% of gross sales to offset costs related to establishment of the business
- Local Sales Tax- up to 3% to be collected with other sales tax and distributed to the municipality quarterly



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- How could Local Sales Tax Revenue be used?
- General Fund Receipt, with no current legal mechanism to segregate it in any way, which may be used for any lawful purpose
 - Support the General Fund Budget or
 - Used to offset costs associated with Marijuana Sales
 - Public Safety
 - Public Health
 - Others



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- What is estimate for Local Sales Tax Collection?
- No real way of calculating a sound estimate
 - New Frontier Data- subscription service
- Review experience of municipalities in other States
- City of Durango, CO has 10 establishments, levies a 3% local tax and collected
 - \$716,160 in CY17; \$23.87M in total sales; average of \$2.387M per establishment
 - \$643,273 in CY16; \$21.44M in total sales; average of \$2.144M per establishment



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