



# Bulletin

BUL-2018-3

## **LOCAL OPTION EXCISE ON RETAIL MARIJUANA SALES**

TO: Assessors, Accountants, Auditors, Treasurers, Clerks, Mayors, Selectboards, City/Town Managers, Finance Directors, City/Town Councils, City Solicitors and Town Counsels

FROM: Sean R. Cronin, Senior Deputy Commissioner, Division of Local Services

DATE: April 2018

SUBJECT: New Local Excise on Retail Sales of Marijuana for Adult Use

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This *Bulletin* provides information about the procedures for implementing the local option excise on retail sales of marijuana for adult use. The Department of Revenue (DOR) collects the local excises in addition to the state taxes on these sales and distributes the collections on a quarterly schedule.

The local excises become operative only if accepted by a city or town. Acceptance is by majority vote of the municipal legislative body, subject to local charter. G.L. c. 4, § 4. Questions about the charter requirements in your community should be referred to municipal counsel. As further explained in this *Bulletin*, acceptance of the local excise, or amendment of the excise rate, must occur at least 30 days in advance of the first day of a calendar quarter in order to become operative for that quarter.

**Communities must report their acceptance or amendment of these local excises to the Division of Local Services (DLS) in the manner prescribed by this *Bulletin*.**

If you have questions about these notification requirements, please contact the Municipal Databank at [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us).

**LOCAL OPTION EXCISE ON RETAIL MARIJUANA SALES**  
**General Laws Chapter 64N, § 3**  
**Applicable to Retail Sales of Marijuana for Adult Use on or after July 1, 2018**

A city or town may impose a local excise on the retail sale of marijuana for adult use by accepting G.L. c. 64N, § 3. The maximum excise rate communities may impose is 3%. A community may adopt any rate up to that maximum. A city or town that accepts the excise may also amend its excise rate at a later date. If a city or town in which a marijuana retailer is located accepts G.L. c. 64N, § 3, all sales by the marijuana retailer that are subject to the state excise on marijuana retail sales will also be subject to the host community's local excise.

**Acceptance or Amendment Procedure**

Acceptance of the local excise on retail marijuana sales, or amendment of the local excise rate, is by majority vote of the municipal legislative body, subject to local charter. To accept, the city or town must vote to accept G.L. c. 64N, § 3 and specify the local excise rate. The following or similar language may be used:

VOTED: That the city/town of \_\_\_\_\_ accept G.L. c. 64N, § 3 to impose an excise on the retail sales of marijuana for adult use at the rate of \_\_\_\_\_ percent.

The following or similar language may be used to amend the local rate:

VOTED: That the city/town of \_\_\_\_\_ impose the local excise on the retail sales of marijuana under G.L. c. 64N, § 3 at the rate of \_\_\_\_\_ percent.

or

VOTED: That the city/town of \_\_\_\_\_ amend its local retail marijuana sales excise rate under G.L. c. 64N, § 3 to the rate of \_\_\_\_\_ percent.

**Acceptance or Amendment Effective Date**

A community's acceptance of the local excise on retail sales of marijuana, or amendment of its excise rate, becomes operative on the first day of the next calendar quarter after the vote, provided that date is **at least 30 days** after the vote to accept or amend. If not, the acceptance or amendment becomes operative on the first day of the second quarter after the vote. A community must accept the statute on or before May 31, 2018 in order for the DOR to begin collecting the excise on any marijuana retailer that begins operating on July 1, 2018, which is the earliest retail sales may begin in the state.

For the start dates of each quarter and last date an acceptance vote will take effect for that quarter, please see the attached schedule for local option excises collected by the DOR.

A city or town may make the acceptance or amendment operative at the start of a later quarter by including the later start date in the vote ("to take effect on January/April /July/October 1, 2\_\_\_\_.")

## Notification Requirements

The city or town clerk must notify the Municipal Databank within the DLS whenever the statute is accepted or revoked, or the excise rate is amended. (“[Notification of Acceptance/Revocation/Amendment of Excise Rate-Marijuana Retail Sales](#)”). The notice is to be submitted **within 48 hours** of the vote. **Without timely notice, the DOR cannot begin collecting the excise or new excise rate for the city or town.**

If you have questions about these notification requirements, please contact the Municipal Databank at [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us) or 617-626-2384.

## Excise Revenue

Excise revenue belongs to the general fund of the city or town. To use estimated excise revenues in the tax rate for any fiscal year, a city or town must have accepted the **statute before that rate is set.**

## Local Option Rooms, Meals and Marijuana Excise Tax Timetable

### First Year of Adoption:

FY Quarter	Quarter Start Date	Local Action Deadline*	Month Tax Assessed by Establishment	Month Tax Revenue Collected by DOR	Distribution Date	Number of Months Revenue will be Collected**
Quarter 1	July 1st	May 31st	July	August	September 30th	10 Months
Quarter 2	October 1st	August 31st	October	November	December 31st	7 Months
Quarter 3	January 1st	December 1st	January	February	March 31st	4 Months
Quarter 4	April 1st	March 1st	April	May	June 30th	1 Month

### Subsequent Years After Adoption:

FY Quarter	Quarter Start Date		Months Tax Assessed by Establishment	Months Tax Revenue Collected by DOR	Distribution Date	
Quarter 1	July 1st		May, June, July	June, July, August	September 30th	
Quarter 2	October 1st		August, September, October	September, October, November	December 31st	
Quarter 3	January 1st		November, December, January	December, January, February	March 31st	
Quarter 4	April 1st		February, March, April	March, April, May	June 30th	

\* Once local option has been adopted, no further local action required.

\*\* After first year of local adoption, communities will receive full year of revenue.