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

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.
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 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:

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

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

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

## Subsequent Years After Adoption:

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