HOUSE DOCKET, NO. 4190 FILED ON: 1/17/2025

HOUSE . . . . . No. 178

The Commonwealth of Massachusetts

PRESENTED BY:

Michael J. Soter

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act establishing a local value added tax on cannabis cultivation sales.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Michael J. Soter	*8th Worcester*	*1/17/2025*

HOUSE DOCKET, NO. 4190 FILED ON: 1/17/2025

HOUSE . . . . . No. 178

By Representative Soter of Bellingham, a petition (accompanied by bill, House, No. 178) of Michael J. Soter for legislation to establish a local value added tax on cannabis cultivation sales. Cannabis Policy.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Fourth General Court
(2025-2026)

An Act establishing a local value added tax on cannabis cultivation sales.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 94G of the General Laws, as appearing in the 2022 Official Edition, is hereby amended by striking out subsection (d) of section 3 in its entirety and inserting in its place thereof the following:-

(d) No municipality shall require a host community agreement (HCA) as a condition for the licensing, operation, or approval of any cannabis cultivation establishment within its jurisdiction. Cannabis cultivators shall be subject to all applicable state laws and regulations but shall not be required to enter into separate agreements with municipalities beyond the requirements of state law.

SECTION 2. Chapter 64H of the General Laws, as appearing in the 2022 Official Edition, is hereby amended by inserting the following:-

Section 6B. Local Value Added Tax on Cannabis Cultivation Sales

(a) In addition to the state sales tax imposed under section 2 of chapter 64H, there shall be an additional local value added tax (VAT) of 1% on the sale of completed cannabis goods by a licensed cannabis cultivation facility to licensed cannabis retailers in any municipality within the commonwealth. The tax shall be calculated based on the value added to the goods during the cultivation process.

(b) The local value added tax shall be collected by the cultivator at the point of sale or transfer of completed goods and remitted to the department of revenue, which shall distribute the funds to the appropriate municipality.

(c) The 1% local VAT shall be in addition to any local sales tax and shall be applied to the value of completed cannabis products sold as adult-use cannabis products. Medical marijuana products shall be exempt.

SECTION 3. The department of revenue shall promulgate regulations regarding VAT collection and distribution within 90 days of the effective date of this act.