

**JOINT COMMITTEE ON CANNABIS POLICY
2025-2026 (194th) BILL SUMMARY**

Bill Number: H.177

Title: An Act establishing a local transaction fee on cannabis sales

Sponsor(s): Rep. Michael J. Soter (*Bellingham*)

Hearing Date: June 17, 2025

Reporting Deadline: August 16, 2025

Prior History: None

Similar Matters: H.178 (Soter)

CURRENT LAW:

Subsection (d) of section 3 of Chapter 94G of the Massachusetts General Laws requires each marijuana business to enter into a Host Community Agreement (HCA) with the municipality in which it operates stipulating conditions for operating in the community, unless the municipality waives the HCA. The HCA may include a Community Impact Fee (CIF) for costs imposed on the municipality that are documented and “reasonably related” to the operation of the marijuana business. The CIF may not be more than 3% of the marijuana business’s gross sales and is limited to 8 years. The Cannabis Control Commission must review and approve each HCA as part of licensing the marijuana business.

Section 2 of Chapter 64H of the Massachusetts General Laws imposes a 6.25% sales tax, which applies to the retail sale of marijuana and marijuana products. Section 2 of Chapter 64N of the Massachusetts General Laws imposes a 10.75% excise tax on the sale of marijuana and marijuana products. Section 3 of Chapter 64N of the Massachusetts General Laws establishes an optional maximum 3% local sales tax on marijuana and marijuana products to be credited to the municipality in which it is sold.

SUMMARY:

The bill amends section 3 of Chapter 94G to eliminate the requirement that each marijuana business enter into an HCA and prohibits municipalities from requiring an HCA or other agreement as a condition for operating in the municipality. It further amends Chapter 64H by imposing a local transaction fee of 1% on adult use marijuana and marijuana products sold by a marijuana retailer. The fee would be remitted to the Department of Revenue and distributed to the municipality in which the cultivator operates.