

**TAXES AND DISTRIBUTION OF PROCEEDS ON MEDICAL AND RECREATIONAL MARIJUANA UNDER CURRENT STATUTE, GOVERNOR RECOMMENDS (SB 508), ASSEMBLY BILL 463, SENATE BILL 302, SENATE BILL 487, AND PROPOSED CONCEPTUAL AMENDMENT FOR S.B. 487 (DSA - Distributive School Account, DPBH - Division of Public and Behavioral Health in the Department of Health and Human Services)**

	Current Statute		S.B. 508 Governor Recommends		A.B. 463		S.B. 302		S.B. 487		PROPOSED CONCEPTUAL AMENDMENT FOR S.B. 487		
	Tax Rate	Distribution of Proceeds	Tax Rate	Distribution of Proceeds	Tax Rate	Distribution of Proceeds	Tax Rate	Distribution of Proceeds	Tax Rate	Distribution of Proceeds	Tax Rate	Distribution of Proceeds	
<b>STATE TAXES</b>													
<b>Cultivation</b>													
Medical	2%	75% - DSA, 25% - DPBH	2%	75% - DSA, 25% - DPBH	15%	75% - DSA, 25% - DPBH			2%	75% - DSA, 25% - DPBH	15%	<b>If DPBH administers Medical and Taxation administers Recreational:</b> First: Department of Taxation, DPBH, and Local Government Costs to Carryout the Administration of the Medical and Recreational Marijuana Programs, Second: Remainder to DSA  <b>If Taxation administers Medical and Recreational (S.B. 329 and A.B. 422):</b> First: Department of Taxation and Local Government Costs to Carryout the Administration of the Medical and Recreational Marijuana Programs, Second: Remainder to DSA	
Recreational - Question 2 - Regulation and Taxation of Marijuana Act (Act)	15%	First: Department of Taxation/Local Government Costs to Carryout the Act, Second: Remainder to DSA	15%	First: Department of Taxation/Local Government Costs to Carryout the Act, Second: Remainder to DSA	15%	First: Department of Taxation/Local Government Costs to Carryout the Act, Second: Remainder to DSA	15%	First: Department of Taxation/Local Government Costs to Carryout the Act, Second: Remainder to DSA	15%	First: Department of Taxation/Local Government Costs to Carryout the Act, Second: Remainder to DSA	15%		
<b>Production</b>													
Medical	2%	75% - DSA, 25% - DPBH	2%	75% - DSA, 25% - DPBH					2%	75% - DSA, 25% - DPBH			
Recreational													
<b>Retail</b>													
Medical	2%	75% - DSA, 25% - DPBH	2%	75% - DSA, 25% - DPBH				5%	75% - DSA, 25% - DPBH	2%	75% - DSA, 25% - DPBH	5%	DPBH to Support Substance Abuse Programs
Recreational			10%	DSA			15%	66 2/3% to the DSA (10% of the 15% rate) 33 1/3% to counties, cities, and towns based on where the tax was paid (5% of the 15% rate)	10%	20% - Increased Access to Mental Health and Substance Abuse Treatment Account administered by DPBH to increase access to treatment for conditions relating to mental health or substance abuse; 30% - DSA; 50% - Local Governments Based on Tax Paid Within Each Local Government (see Local Taxes/Revenues section below for Distribution and Use)	15%	66 2/3% (10% of the 15% rate) to the DSA 33 1/3% (5% of the 15% rate) Distributed to Local Governments Based on Tax Paid Within Each Local Government (See section below for Distribution and Use of the proceeds)	
<b>ADDITIONAL PROVISIONS REGARDING STATE AND LOCAL TAXES/FEEES</b>													
				<p><b>A.B. 463 Provides Authority for County/City to Impose a License Tax:</b>                      1.) Flat Fee,                      2.) Percentage Fee on Gross Revenue, or                      3.) Combination of Flat Fee and Percentage Fee,                      but the total amount of the license tax cannot exceed 5% of the gross revenue of the marijuana establishment or medical marijuana establishment.</p> <p><b>OTHER BILLS IMPACTING LOCAL GOVERNMENT LICENSE FEES</b>  <b>S.B. 341 Provides Authority for County/City to Impose a License Tax:</b>                      1.) Flat Fee,                      2.) Percentage Fee on Gross Revenue, or                      3.) Combination of Flat Fee and Percentage Fee,                      but the total amount of the license tax cannot exceed 3% of the gross revenue of the marijuana establishment or medical marijuana establishment.</p> <p><b>S.B. 329 prohibits County/City from imposing any tax or fee on medical marijuana establishment.</b></p>	<p>Effective upon passage and approval, S.B. 302 makes the following changes to taxes on medical and recreational marijuana and marijuana products:                      1.) the current 2% tax on cultivators, producers, and dispensaries is replaced with a 5% tax on dispensaries only with the proceeds distributed as required under current statute (75% to the DSA and 25% to DPBH).                      2.) imposes a 15% tax on the retail sale of recreational marijuana and marijuana products sold by a dispensary with the proceeds distributed to the DSA .</p> <p>These provisions are replaced with the provisions shown above that become effective when the Department of Taxation issues the first license for recreational marijuana.</p>	<p><b>Distribution of 50% Allocation of the 10% Retail Excise Tax on Recreational Marijuana:</b>                      Tax Paid in Unincorporated Area of a County - 100% to the County                      Tax Paid in an Incorporated City: 30% to the Incorporated City and 70% to the County</p> <p><b>Use of the Proceeds:</b>  <b>County:</b>                      (a) Increase access to or provide treatment relating to mental health,                      (b) Increase access to or provide treatment relating to substance abuse,                      (c) Establish or support one or more specialty courts,                      (d) Establish or support programs that provide positive alternatives for youth, or                      (e) Law enforcement purposes, including , without limitation, enforcement of laws prohibiting driving under the influence of, the underage use of, or suppression of the use of alcohol or a prohibited substance (limited to 30% of the proceeds).  <b>City:</b>                      (a) Establish and support programs that provide positive alternatives for youth, or                      (b) Law enforcement purposes, including , without limitation, enforcement of laws prohibiting driving under the influence of, the underage use of, or suppression of the use of alcohol or a prohibited substance.</p> <p>The governing body of a county or city may grant all or a part of the money received to a nonprofit organization to be expended for one or more of the authorized purposes for the county or city.</p>	<p><b>DISTRIBUTION OF THE ALLOCATION OF THE 33 1/3% PORTION OF THE 15% (5% of the 15%).</b>  <b>RETAIL EXCISE TAX ON RECREATIONAL MARIJUANA:</b>                      Tax Paid in Unincorporated Area of a County - 100% to the County                      Tax Paid in an Incorporated City: 30% to the Incorporated City and 70% to the County</p> <p><b>Use of the Proceeds:</b>  <b>County:</b>                      (a) Increase access to or provide treatment relating to mental health,                      (b) Increase access to or provide treatment relating to substance abuse,                      (c) Establish or support one or more specialty courts,                      (d) Establish or support programs that provide positive alternatives for youth, or                      (e) Law enforcement purposes, including , without limitation, enforcement of laws prohibiting driving under the influence of, the underage use of, or suppression of the use of alcohol or a prohibited substance (limited to 30% of the proceeds).  <b>City:</b>                      (a) Establish and support programs that provide positive alternatives for youth, or                      (b) Law enforcement purposes, including , without limitation, enforcement of laws prohibiting driving under the influence of, the underage use of, or suppression of the use of alcohol or a prohibited substance.</p> <p>The governing body of a county or city may grant all or a part of the money received to a nonprofit organization to be expended for one or more of the authorized purposes for the county or city.</p> <p><b>AUTHORITY FOR COUNTY/CITY TO IMPOSE A LICENSE TAX:</b>                      1.) Flat Fee,                      2.) Percentage Fee on Gross Revenue, or                      3.) Combination of Flat Fee and Percentage Fee,                      but the total amount of the license tax cannot exceed 5% of the gross revenue of the marijuana establishment or medical marijuana establishment</p>						