

Administrative Rule Analysis



TAXATION OF ADULT-USE (RECREATIONAL) MARIHUANA RULES

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Rule Set No.: 2019-052 TY
Submitted to JCAR on: 11/20/2019

Analysis available at
<http://www.legislature.mi.gov>

Department: Treasury
Agency: Bureau of Tax Policy
Enabling Statute: Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 through 333.27967

Analysis Complete to: 12/10/2019

BACKGROUND AND SUMMARY OF PROPOSED RULES

The proposed rules would define the term “sales price” and clarify the tax result of retail marihuana sales made in violation of the no-bundling provision.

Specifically, the first rule (R 205.150) would define “sales price” to include the total amount of consideration, including cash, credit, property, services, or any other valuable consideration given in exchange for marihuana. The inclusion of a definition would clarify the tax base for determining the excise tax and sales or use tax on the retail sales of marihuana.

The second rule (R 205.151) would clarify that if property or services other than marihuana are bundled and sold in a single transaction in violation of section 13(2) of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27963(2), the entire sales price of the transaction, including property or services, would be subject to the 10% excise tax under section 13(1) of the act.

FISCAL IMPACT OF PROPOSED RULES

The proposed rules would have no discernible fiscal impact on the State or local units of government.

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