

HB 2294 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Mazen Malik, Senior Economist

Meeting Dates: 3/4, 3/8

WHAT THE MEASURE DOES:

Imposes tax on wholesale sales of marijuana items across county borders. Applies to wholesale sales of marijuana items occurring on or after January 1, 2022.

Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Not clear yet on how it will work.
- Workgroup to flush out the details of the proposal.
- The other bills connected to the concept.
- Issues facing the counties in regulating marijuana businesses.
- Regulatory, production and sale framework.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

HB 2041 of the 2015 session changed the tax approved by M-91 from a harvest tax (\$35/Oz) on producers to a point of sale tax (17%) on retailers and allowed 3% for local governments, that chose to impose a local tax.

This measure allows for a wholesale tax (not yet specified) based on the price (of all marijuana items), imposed at the first move outside the county of Origin. The revenue from the new tax will be redistributed to each county based on the source or that origin. The compounding effect of added value and resale is not clear yet.