

**SPECIAL TAXES
Controlled Substances/Illegal Cannabis
Tax Repeal**

March 13, 2024

	Yes	No
DOR Administrative Costs/Savings		x

Department of Revenue

Analysis of H.F. 3788 (Hanson, J.) / S.F. 3670 (Oumou Verbeten)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
		(000's)		
General Fund	\$0	negl.	(\$5)	(\$5)

This is effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: A tax is imposed on controlled substances and illegal cannabis at the following rates:

- \$3.50/gram of illegal cannabis
- \$200/gram of controlled substance
- \$400/ten dosage units of a controlled substance that is not sold by weight

A penalty of 100% of the tax is also imposed and collected with the tax.

Proposed Law: The bill would repeal the Illegal Cannabis and Controlled Substances tax.

REVENUE ANALYSIS DETAIL

- The estimate is based on the February 2024 forecast.
- Fiscal year 2025 estimate is adjusted for 11 months of impact.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)