

April 9, 2024

	Yes	No
DOR Administrative Costs/Savings		x

Department of Revenue
Analysis of S.F. 5118 (Pha) as Proposed to be Amended (SCS5118A-3)

	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 Appropriation	\$0	(\$800)	(\$2,200)	(\$3,300)

Effective for gross receipts received after June 30, 2024.

EXPLANATION OF THE BILL

Current Law: Cannabis, and cannabis products are subject to a gross receipts tax of ten percent imposed on the retail sale. The tax also applies to low-potency, hemp-derived edible cannabinoid products. The state general sales tax of 6.875%, and any local general sales taxes, also applies to sales of cannabis and cannabis products. Revenues from the cannabis gross receipts tax are dedicated as follows: 80% to the General Fund and 20% to the local government cannabis aid account in the Special Revenue Fund.

Proposed Law: The bill would annually dedicate 5% of the general fund portion of cannabis gross receipts tax to the Commissioner of Children, Youth, and Families for youth cannabis use prevention and early intervention and treatment of cannabis use. The 20% of revenues dedicated to the local government cannabis aid account would not change.

REVENUE ANALYSIS DETAIL

- The February 2024 forecast was used for the estimate.
- The fiscal year 2025 estimate represents a full year of impact.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>