

**STATE TAXATION OF MEDICAL MARIJUANA (Sales through Dispensaries)**

State	Law and Year Passed	Dispensaries	Sales Tax Applied	State Income Tax / Deductions	
Arizona	Arizona Medical Marijuana Act (2010) Proposition 203	Up to 124 dispensaries, openings delayed - none operational	6.6% Sales Tax; AZ Attorney General announced taxable	Yes, business expense deduction allowed for medical and retail.	
California	Compassionate Use Act of 1996 Proposition 215 - voter initiative	Dispensaries and growing collectives licensed through local city or county business ordinances (500 - 1,000)	5.0% State Sales Tax; local sales taxes also Board of Equalization Special Notice - June 2007		
Colorado	Colorado Medical Marijuana Act (2010) Original voter initiative in Nov 2000	667 dispensaries as of 12/1/11	Medical marijuana 5.0% state sales tax plus local tax; Retail marijuana state/local sales tax, plus 10% sales tax plus 15% excise tax when transferred to retail		
Connecticut	An Act Concerning the Pallative Use of Marijuana (2012)				
Delaware	Delaware Medical Marijuana Act (2011)	3 Compassionate Care Centers	No sales tax; gross receipts tax (first \$1.2 million of gross receipts exempt from tax)		
Illinois	Compassionate Use of Medical Cannabis Pilot Program Act (2013)				Yes, special surcharge on income in the amount of federal income tax liability for the taxable year.
Maine	An Act to Amend the Medical Marijuana Act (2010)	8 dispensaries	5% Sales Tax and 7% Meals & Rooms Tax Sales Tax added 2010; Meals by Dept Ruling		Yes, subject to income tax and follows IRS rules on deductions.
Massachusetts	Question 3 (2012) Regulations - An Act for the Humanitarian Medical Use of Marijuana (2013)				Yes, required to be formed as nonprofit corporations, but if they don't qualify for 501 status, dispensaries will be subject to income tax. Follows feds on deductions.
New Hampshire	An Act relative to the use of cannabis for therapeutic purposes (2013)	Alternative Treatment Centers			
New Jersey	New Jersey Compassionate Use Medical Marijuana Act (2010)	6 Alternative Treatment Centers (ATCs) approved, but not yet open	7% Sales Tax will apply		Yes, exempt if receives IRS nonprofit status, if not them taxable.
New Mexico	The Lynn and Erin Compassionate Use Act (2010)	11 nonprofit dispensaries	5.125% Sales Tax		
Rhode Island	The Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act (2009)	3 dispensaries	Compassion Center Surcharge - 4% of net patient revenue, paid monthly (RIGL Chapter 44-67-12)  7% Sales Tax will also be applied		
Vermont	An Act Relating to Registering Four Nonprofit Organizations to dispense Marijuana for Symptom Relief (2011)	4 dispensaries	Not likely to be taxable		
Washington D.C.	Amendment Act B18-622 - Council approved April 2010	10 dispensaries, separate cultivation centers	6% Sales Tax; District of Columbia City Council included sales tax in budget - June 15, 2010		

Data compiled by JFO from a variety of sources.

Michigan	Michigan Medical Marihuana Act (2008) Propoal 1 - voter initiative	No dispensaries allowed. Delivered through caregivers.	Not taxable	Yes, follow feds in income tax.
Montana	Montana Medical Marijuana Allowance (2004) - Initiative 148; subsequent law		Not state sales tax; up to 3% local sales tax in towns	
Washington	Not state regulated; state regulated dispensary law vetoed in 2011	N/A	Sales Tax and Business & Occupation Tax (Tax Department Determination December 10, 2010)	