

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

February 10, 2025

| | | |
|---|------------|-----------|
| | Yes | No |
| DOR Administrative Costs/Savings | | X |

Department of Revenue
Analysis of S.F. 209 (Oumou Verbeten) / H.F. 308 (Hanson, J.)

| | Fund Impact | | | |
|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>F.Y. 2026</u> | <u>F.Y. 2027</u> | <u>F.Y. 2028</u> | <u>F.Y. 2029</u> |
| | (000's) | | | |
| General Fund | (Negl.) | (Negl.) | (Negl.) | (Negl.) |

Effective August 1, 2025.

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 November 2024 forecast.
- Fiscal year 2026 estimate is adjusted for 10 months of impact.

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