

## AUMA-Prop 64 November 2016 (RJN 24)

### SECTION 2. FINDINGS AND DECLARATIONS.

A. Currently in California, nonmedical marijuana use is unregulated, untaxed, and occurs without any consumer or environmental protections. The Control, Regulate and Tax Adult Use of Marijuana Act will legalize marijuana for those over 21 years old, protect children, and establish laws to regulate marijuana cultivation, distribution, sale and use, and will protect Californians and the environment from potential dangers. It establishes the Bureau of Marijuana Control within the Department of Consumer Affairs to regulate and license the marijuana industry.

B. Marijuana is currently legal in our state for medical use and illegal for nonmedical use. Abuse of the medical marijuana system in California has long been widespread, but recent bipartisan legislation signed by Governor Jerry Brown is establishing a comprehensive regulatory scheme for medical marijuana. The Control, Regulate and Tax Adult Use of Marijuana Act (hereafter called the Adult Use of Marijuana Act) will consolidate and streamline regulation and taxation for both nonmedical and medical marijuana.

C. Currently, marijuana growth and sale is not being taxed by the State of California, which means our state is missing out on hundreds of millions of dollars in potential tax revenue every year. The Adult Use of Marijuana Act will tax both the growth and sale of marijuana to generate hundreds of millions of dollars annually. The revenues will cover the cost of administering the new law and will provide funds to: invest in public health programs that educate youth to prevent and treat serious substance abuse; train local law enforcement to enforce the new law with a focus on DUI enforcement; invest in communities to reduce the illicit market and create job

## CA-BOE SPECIAL NOTICE February 2007 (RJN 57)



# Special Notice

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## Information on Sales Tax and Registration for Medical Marijuana Sellers

### 1. What is the Board of Equalization's (BOE) policy regarding sales of medical marijuana?

The sale of medical marijuana has always been considered taxable. However, prior to October 2005, the Board did not issue seller's permits to sellers of property that may be considered illegal.

### 2. Is this a change of policy?

In October 2005, after meeting with taxpayers, businesses, and advocacy groups, the Board directed staff to issue seller's permits regardless of the fact that the property being sold may be illegal, or because the applicant for the permit did not indicate what products it sold. This new policy was effective immediately.

## CA-BOE SPECIAL NOTICE June 2007 (RJN 57)

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furnished by a state-run medical facility or a pharmaceutical company without charge for medical research.)

Generally, all of these requirements must be fulfilled in accordance with state and federal law.

### 6. Many medical marijuana dispensing collectives consider themselves to be health care facilities. Are they exempt from applying for a seller's permit and paying sales tax for this reason?

Regulation 1591 exempts the sale or use of medicines furnished by qualifying health care facilities. (See response to Question 5, above, regarding the requirements to qualify as an exempt medicine.) State law defines a qualifying "health facility" as either a facility licensed under state law to provide 24-hour inpatient care or a state-licensed clinic.

### 7. If I don't make any profit whatsoever from providing medical marijuana, do I still need to apply for a seller's permit?

Yes. Not making a profit does not relieve a seller of his or her sales tax liability. However, whether or not you make a profit, like other retailers making taxable sales, you can ask your customers to reimburse you for the sales taxes due on your sales, if you fulfill the requirements explained in Regulation 1700, *Reimbursement for Sales Tax*.