

**SUBSTITUTE FOR
HOUSE BILL NO. 4951**

A bill to provide for the imposition and collection of excise taxes on certain sales of marihuana; to provide for the establishment of procedures for the collection, administration, and enforcement of those taxes; to provide for the disposition of the taxes; to provide for the promulgation of rules; to create the comprehensive road funding fund; and to prescribe the powers and duties of certain state governmental officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "comprehensive road
2 funding tax act".

3 Sec. 3. As used in this act:

4 (a) "Affiliated person" means a person that, directly or
5 indirectly through 1 or more intermediaries, controls, is



1 controlled by, or is under common control with, another person.

2 (b) "Average wholesale price" means the price of marihuana
3 that is calculated and published by the department each quarter
4 based on the best available information.

5 (c) "Cannabis regulatory agency" means that term as defined in
6 section 3 of the Michigan Regulation and Taxation of Marihuana Act,
7 2018 IL 1, MCL 333.27953.

8 (d) "Comprehensive road funding fund" means the fund created
9 in section 11.

10 (e) "Department" means the department of treasury.

11 (f) "Marihuana" means that term as defined in section 3 of the
12 Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL
13 333.27953.

14 (g) "Marihuana establishment" means that term as defined in
15 section 3 of the Michigan Regulation and Taxation of Marihuana Act,
16 2018 IL 1, MCL 333.27953.

17 (h) "Marihuana microbusiness" means that term as defined in
18 section 3 of the Michigan Regulation and Taxation of Marihuana Act,
19 2018 IL 1, MCL 333.27953.

20 (i) "Marihuana retailer" means that term as defined in section
21 3 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL
22 1, MCL 333.27953.

23 (j) "Marihuana retail licensee" means a marihuana retailer,
24 marihuana microbusiness, or any other person authorized by the
25 cannabis regulatory agency under the Michigan Regulation and
26 Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967,
27 to sell or otherwise transfer marihuana to individuals who are 21
28 years of age or older.

29 (k) "Person" means an individual, corporation, limited



1 liability company, partnership of any type, trust, or other legal
2 entity.

3 (l) "Provisioning center" means that term as defined in section
4 2 of the medical marihuana facilities licensing act, 2016 PA 281,
5 MCL 333.27102.

6 (m) "Wholesale price" means the following in the following
7 circumstances:

8 (i) For transactions between persons that are not affiliated
9 persons, the actual price paid to a marihuana establishment by a
10 marihuana retail licensee to acquire marihuana from the marihuana
11 establishment. For purposes of this subparagraph, the wholesale
12 price includes any tax, fee, or other charge reflected on the
13 invoice, bill of sale, purchase order, or other document evidencing
14 the sale or transfer of the marihuana. The wholesale price must not
15 be reduced due to any rebate, trade allowance, licensing or
16 exclusivity agreement, volume or other discount, or any other
17 reduction given by the marihuana establishment.

18 (ii) For transactions between persons that are affiliated
19 persons, including transactions between provisioning centers and
20 marihuana retail licensees, and for marihuana that is cultivated
21 and processed for retail sale by the marihuana retail licensee, the
22 average wholesale price of the marihuana.

23 Sec. 5. In addition to all other taxes, beginning January 1,
24 2026, an excise tax is levied and imposed on the wholesale price of
25 the sale or other transfer of marihuana at the following rates in
26 the following circumstances:

27 (a) For the first sale or other transfer of marihuana from a
28 marihuana establishment to a marihuana retail licensee, a tax is
29 levied on the marihuana establishment at the rate of 24% of the



1 wholesale price of the marihuana sold or otherwise transferred.

2 (b) For the sale of marihuana that is cultivated and processed
3 for retail sale by the marihuana retail licensee, a tax is levied
4 on the marihuana retail licensee at the rate of 24% of the
5 wholesale price on the aggregate amount or quantity of marihuana
6 that is cultivated or processed for retail sale by that marihuana
7 retail licensee.

8 (c) For the sale or transfer of marihuana from a provisioning
9 center to a marihuana retail licensee, a tax is levied on the
10 provisioning center at the rate of 24% of the wholesale price of
11 marihuana sold or otherwise transferred to the marihuana retail
12 licensee.

13 Sec. 7. (1) The department shall administer the excise taxes
14 imposed by this act pursuant to 1941 PA 122, MCL 205.1 to 205.31,
15 and this act. If the provisions of 1941 PA 122, MCL 205.1 to
16 205.31, and this act conflict, this act applies.

17 (2) The department shall prescribe the forms necessary for the
18 administration of this act and may promulgate rules under the
19 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
20 24.328, to implement this act and prescribe a method and manner for
21 payment and collection of the taxes imposed under this act.

22 Sec. 9. (1) A person that is subject to a tax imposed by this
23 act shall file periodic returns at the times and in the manner
24 prescribed by the department and remit the total amount of tax due
25 with each return.

26 (2) If a due date of a return falls on a Saturday, Sunday, or
27 legal holiday, the taxes are due on the next succeeding business
28 day.

29 Sec. 11. (1) The comprehensive road funding fund is created in



1 the state treasury.

2 (2) The state treasurer shall deposit money and other assets
3 received from any source in the fund. The state treasurer shall
4 direct the investment of money in the fund and credit interest and
5 earnings from the investments to the fund.

6 (3) The department is the administrator of the fund for audits
7 of the fund.

8 (4) The department shall expend money from the fund, on
9 appropriation, only for the implementation and administration of
10 this act.

11 (5) Money in the fund at the close of the fiscal year remains
12 in the fund and does not lapse to the general fund.

13 Sec. 13. (1) Except as otherwise provided under subsection
14 (2), the revenue collected under this act must be deposited in the
15 following manner:

16 (a) For the 2025-2026 state fiscal year, \$3,000,000.00 to the
17 comprehensive road funding fund and the balance to the neighborhood
18 road fund created in section 13c of 1951 PA 51, MCL 247.663c.

19 (b) Except as otherwise provided under subsection (2),
20 beginning with the 2026-2027 state fiscal year and each state
21 fiscal year thereafter, \$500,000.00 to the comprehensive road
22 funding fund and the balance to the neighborhood road fund created
23 in section 13c of 1951 PA 51, MCL 247.663c.

24 (2) For the 2027-2028 state fiscal year and each fiscal year
25 thereafter, the state treasurer shall adjust the amount to be
26 deposited to the comprehensive road funding fund under subsection
27 (1)(b) for inflation, as measured by the ratio of the average
28 published monthly Consumer Price Index values for the previous
29 fiscal year to the published monthly Consumer Price Index values



1 for the fiscal year prior to the previous fiscal year, minus 1. If
2 the calculated change in the Consumer Price Index is negative, the
3 adjustment for that fiscal year is zero. As used in this
4 subsection, "Consumer Price Index" means the most comprehensive
5 index of consumer prices available for this state from the Bureau
6 of Labor Statistics of the United States Department of Labor.

7 Enacting section 1. This act does not take effect unless all
8 of the following bills of the 103rd Legislature are enacted into
9 law:

10 (a) House Bill No. 4183.

11 (b) House Bill No. 4961.

12 (c) House Bill No. 4968.

