

COMPREHENSIVE ROAD FUNDING TAX ACT

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House Bill 4951 (H-1) as passed by the House
Sponsor: Rep. Samantha Steckloff
Committee: Appropriations
Complete to 9-26-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4951 would create a new act, the Comprehensive Road Funding Tax Act, to impose excise taxes on certain sales or transfers of marijuana sales and to create the Comprehensive Road Funding Fund to use revenues from the taxes to fund road construction, preservation, and maintenance in Michigan or to replace money diverted to road construction.

Excise taxes

Beginning January 1, 2026, the bill would levy and impose (in addition to all other taxes) an excise tax on the following entities at the rate of 24% on the **wholesale price** of marijuana sold or otherwise transferred as follows:¹

- On a *marijuana establishment*, for the first sale or other transfer of marijuana from the marijuana establishment to a marijuana retail licensee.
- On a *marijuana retail licensee*, for the sale of marijuana that is cultivated or processed for retail sale by the marijuana retail licensee (based on the wholesale price of the aggregate amount or quantity of marijuana cultivated or processed by the licensee for retail sale).
- On a *provisioning center*, for the sale or transfer of marijuana from the provisioning center to a marijuana retail licensee.

Wholesale price would mean either of the following, as applicable:

- For transactions between persons that are not **affiliated persons**, the actual price paid by a marijuana retail licensee to a marijuana establishment to acquire marijuana from the establishment. The wholesale price would include any tax, fee, or other charge reflected on the invoice, bill of sale, purchase order, or other documentary evidence of the sale or transfer. The wholesale price could not be reduced due to any rebate, trade allowance, licensing or exclusivity agreement, volume or other discount, or any other reduction given by the marijuana establishment.
- For transactions between persons that are affiliated persons, including transactions between provisioning centers and marijuana retail licensees, and for marijuana that is cultivated and processed for retail sale by a marijuana

¹ *Marijuana* and *marijuana establishment* would be defined as in the Michigan Regulation and Taxation of Marijuana Act. *Marijuana retail licensee* would mean a *marijuana retailer* or *marijuana microbusiness*, as defined in that act, or any other person authorized by the Cannabis Regulatory Agency under that act to sell or otherwise transfer marijuana to individuals who are 21 or older. See <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-333-27953>. The term *provisioning center* would be defined as in the Medical Marijuana Facilities Licensing Act. <https://www.legislature.mi.gov/Laws/MCL?objectName=MCL-333-27102>. Note that, in accordance with the conventions of Michigan law, these defined terms all spell “marihuana” with an *h*. This summary will use the spelling *marijuana* except when referring to a named public act.

retail licensee, the *average wholesale price* (the price of marijuana the Department of Treasury calculates and publishes each quarter based on the best available information).

Affiliated person would mean a person that, directly or indirectly through one or more intermediaries, controls or is controlled by another person or is under common control with another person.

The Department of Treasury would have to administer the excise taxes imposed by the bill under 1941 PA 122, known as the revenue act, and would have to prescribe the forms necessary to do so. (In the case of a conflict between the bill and that act, the bill would prevail.) The bill would authorize the Department of Treasury to develop and issue rules to implement the bill and prescribe a method and manner for paying and collecting the taxes imposed by the bill.

Each person subject to a tax described above would have to file periodic returns as prescribed by the Department of Treasury and remit the total amount of tax due with each return.

Allocation of revenue

The revenue collected under the bill would have to be distributed as follows:

- For the 2025-26 fiscal year, \$3.0 million deposited in the Comprehensive Road Funding Fund (described below) and the balance deposited in the Neighborhood Road Fund.²
- For the 2026-27 and subsequent fiscal years, \$500,000 deposited in the Comprehensive Road Funding Fund and the balance deposited in the Neighborhood Road Fund. (Beginning with the 2027-28 state fiscal year, the Comprehensive Road Funding Fund amount would be annually adjusted for inflation based on the Consumer Price Index for the state as described in the bill.)

Comprehensive Road Funding Fund

The bill would create the Comprehensive Road Funding Fund in the state treasury.

The Department of Treasury could expend money from the Comprehensive Road Funding Fund, upon appropriation, only for the implementation and administration of the act.

The state treasurer would have to deposit in the fund money and other assets received from any source, direct the investment of money in the fund, and credit to the fund interest and earnings from those investments. Money in the fund at the close of the fiscal year would remain in the fund and not lapse to the general fund. The Department of Treasury would be the fund administrator for audit purposes.

Effectiveness

The bill can take effect only if House Bills 4183, 4961, and 4968 are also enacted into law. Those bills address, respectively, the motor fuel tax, the income tax, and the insurance provider assessment.

² The Neighborhood Road Fund, as proposed by House Bill 4230, would be allocated to support the preservation and maintenance of certain bridges and local roads.

FISCAL IMPACT:

The bill would generate approximately \$420.0 million annually based on current estimates of wholesale sales. In FY 2025-26, the bill would allocate \$3.0 million of the wholesale tax revenue to the Comprehensive Road Funding Fund for implementation and administration costs, with the remainder deposited in the newly created Neighborhood Road Fund to be used for road funding purposes. In subsequent fiscal years, the allocation to the Comprehensive Road Funding Fund for implementation and administration costs would be reduced to \$500,000, with an annual inflation adjustment beginning in FY 2027-28, with the balance deposited in the Neighborhood Road Fund.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.