

**The Michigan Affiliate of the National Organization for the Reform of Marijuana Laws**



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26 January, 2018

RE: State of Michigan Department of Treasury REVENUE ADMINISTRATIVE BULLETIN 2018-2

Member of the Michigan Legislature,

On Thursday, January 18, 2018, the State Department of Treasury issued REVENUE ADMINISTRATIVE BULLETIN 2018-2 outlining tax procedures for medical cannabis businesses, patients and caregivers. We oppose the unauthorized implementation of a 6% PATIENT TAX by the Department of Treasury on transactions that take place between patients and caregivers who are connected through the Michigan Medical Marijuana Program (MMMP) registry, and demand that the bulletin be revised accordingly.

The Michigan Department of Treasury is exceeding its authority by implementing a new "PATIENT TAX" that requires registered patients to pay a 6% use tax on medical cannabis purchased from their caregiver. Initiated Law 1 of 2008, the Michigan Medical Marijuana Act (MMMA), did not grant any specific taxing authority to the State of Michigan or the Department of Treasury with regard to medical cannabis transactions authorized by the MMMA. Because of the Headlee Tax Amendment, it would require either a vote of the people to implement a tax on the transactions between patients and caregivers who are connected through the MMMP registry and that has not happened. Section 4(f) of MCL 333.26424 states a "*caregiver may receive compensation for costs associated with assisting a registered qualifying patient in the medical use of marijuana*", and also that "*any such compensation does not constitute the sale of controlled substances*".

Additionally, the protections in Section 4(a) of MCL 333.26424 prevent the Department of Treasury from implementing a tax on patients. Section 4(a) says that "*A qualifying patient who has been issued and possesses a registry identification card is not subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, including, but not limited to, civil penalty or disciplinary action by a business or occupational or professional licensing board or bureau, for the medical use of marijuana in accordance with this act...*" Clearly, a new PATIENT TAX is a penalty!

In an April 2011 letter, Director of Bureau Tax Policy, Glenn R. White indicated that;

*"The MMA re-characterizes what otherwise might be a taxable sale of tangible personal property as a non-taxable caregiver service", and that "The MMA does not authorize either a regulatory or enforcement role for the Department of Treasury."*

This new set of guidelines must immediately be corrected so it will not unduly concern the 300,000 patients affected by this arbitrary and capricious shift in tax policy.

The Michigan NORML Board of Directors

Matthew Abel, Annette Crocker, Rick Thompson, Trena Moss, Dr. David Crocker, Adam L. Brook, Brad Forrester, Josef White