

By: Representative Porter

To: Ways and Means

HOUSE BILL NO. 1580

1 AN ACT TO AMEND SECTION 27-72-1, MISSISSIPPI CODE OF 1972, TO
2 AUTHORIZE MUNICIPALITIES TO LEVY AN EXCISE TAX ON CANNABIS
3 CULTIVATION FACILITIES AT THE RATE OF THREE PERCENT OF THE SALES
4 PRICE OF CANNABIS FLOWER OR CANNABIS TRIM; AND FOR RELATED
5 PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 **SECTION 1.** Section 27-72-1, Mississippi Code of 1972, is
8 amended as follows:

9 27-72-1. (1) (a) For purposes of this section:

10 (i) "Cannabis cultivation facility," "dispensary,"
11 "medical cannabis" and "medical cannabis establishments" shall be
12 defined as provided in Section 41-137-3.

13 (ii) "Cannabis flower" means the flower, including
14 abnormal and immature flowers, of a plant of the genus cannabis
15 that has been harvested, dried and cured, and prior to any
16 processing whereby the flower material is transformed into a
17 cannabis product. "Cannabis flower" does not include the leaves
18 or stem of such plant or hemp.



19 (iii) "Cannabis trim" means all parts, including
20 abnormal or immature parts, of a plant of the genus cannabis,
21 other than cannabis flower, that have been harvested, dried and
22 cured, and prior to any processing whereby the plant material is
23 transformed into a cannabis product. "Cannabis trim" does not
24 include hemp.

25 (2) (a) There is hereby imposed, levied and assessed an
26 excise tax on medical cannabis cultivation facilities. A cannabis
27 cultivation facility shall collect and remit an excise tax on
28 forms and in a manner specified by the Commissioner of Revenue.

29 (b) The excise tax on cannabis cultivation facilities
30 shall be based on the sales price for which a cannabis cultivation
31 facility first sells cannabis flower or cannabis trim, as the case
32 may be, to a medical cannabis establishment, and the rate of the
33 excise tax shall be five percent (5%) of such sales price.

34 However, if there is common ownership or other interest between
35 the cannabis cultivation facility and the medical cannabis
36 establishment to which the cannabis cultivation facility first
37 sells or transfers the cannabis flower or cannabis trim, as the
38 case may be, the excise tax shall be based on the fair market
39 value of the cannabis flower or cannabis trim, as the case may be,
40 at the time that the cannabis cultivation facility first sells or
41 transfers the cannabis flower or cannabis trim to the medical
42 cannabis establishment, and the rate of the excise tax shall be
43 five percent (5%) of such fair market value. The fair market



44 value of cannabis flower and cannabis trim shall initially be
45 determined by the MDOR not later than November 1, 2022. Beginning
46 January 1, 2023, the MDOR shall recalculate and adjust the fair
47 market value of cannabis flower and cannabis trim twice per
48 calendar year on January 1 and July 1.

49 (c) The excise tax imposed by this subsection shall
50 apply regardless of the ownership of the medical cannabis
51 establishment to which the cannabis cultivation facility sells or
52 transfers the cannabis flower or cannabis trim, as the case may
53 be.

54 (d) All administrative provisions of the sales tax law
55 and amendments thereto, including those which fix damages,
56 penalties and interest for nonpayment of taxes and for
57 noncompliance with the provision of said sales tax law, and all
58 other requirements and duties imposed upon a taxpayer, shall apply
59 to all persons liable for taxes under the provisions of this
60 subsection. The commissioner shall exercise all power and
61 authority and perform all duties with respect to taxpayers under
62 this subsection as are provided in said sales tax law, except
63 where there is conflict, then the provisions of this subsection
64 shall control.

65 (e) All excise taxes collected under the provisions of
66 this subsection shall be deposited into the State General Fund.

67 (3) A dispensary, on forms and in a manner specified by the
68 Commissioner of Revenue, shall collect and remit the sales tax



69 levied in Section 27-65-17(1) (a) from the gross proceeds derived
70 from each retail sale of medical cannabis.

71 (4) (a) The governing authorities of a municipality, by
72 resolution duly adopted and entered upon its minutes, may impose,
73 levy and assess an excise tax on medical cannabis cultivation
74 facilities. A cannabis cultivation facility shall collect and
75 remit the excise tax to the Department of Revenue on forms and in
76 a manner specified by the Commissioner of Revenue.

77 (b) The excise tax on cannabis cultivation facilities
78 shall be based on the sales price for which a cannabis cultivation
79 facility first sells cannabis flower or cannabis trim, as the case
80 may be, to a medical cannabis establishment, and the rate of the
81 excise tax shall be three percent (3%) of such sales price.
82 However, if there is common ownership or other interest between
83 the cannabis cultivation facility and the medical cannabis
84 establishment to which the cannabis cultivation facility first
85 sells or transfers the cannabis flower or cannabis trim, as the
86 case may be, the excise tax shall be based on the fair market
87 value of the cannabis flower or cannabis trim, as the case may be,
88 at the time that the cannabis cultivation facility first sells or
89 transfers the cannabis flower or cannabis trim to the medical
90 cannabis establishment, and the rate of the excise tax shall be
91 three percent (3%) of such fair market value. The fair market
92 value of cannabis flower and cannabis trim shall be determined as
93 provided in subsection (2) (b) of this section.



94 (c) The excise tax imposed by this subsection shall
95 apply regardless of the ownership of the medical cannabis
96 establishment to which the cannabis cultivation facility sells or
97 transfers the cannabis flower or cannabis trim, as the case may
98 be.

99 (d) All administrative provisions of the sales tax law
100 and amendments thereto, including those which fix damages,
101 penalties and interest for nonpayment of taxes and for
102 noncompliance with the provision of said sales tax law, and all
103 other requirements and duties imposed upon a taxpayer, shall apply
104 to all persons liable for taxes under the provisions of this
105 subsection. The commissioner shall exercise all power and
106 authority and perform all duties with respect to taxpayers under
107 this subsection as are provided in said sales tax law, except
108 where there is conflict, then the provisions of this subsection
109 shall control.

110 (e) The proceeds of the excise tax collected under the
111 provisions of this subsection, less three percent (3%) thereof to
112 be retained by the Department of Revenue to defray the costs of
113 collection, shall be paid to the governing authorities of the
114 municipality on or before the fifteenth day of the month following
115 the month in which they were collected.

116 **SECTION 2.** This act shall take effect and be in force from
117 and after July 1, 2023.

