

**Title 35, Part VIII**  
**Subpart 04 Excise Tax on Medical Cannabis**

**Chapter 01 Tax Rate, Fair Market Value, Returns and Payments**

- 100 A 5% excise tax shall be applied to the sales price of a cultivation facility's first sale or transfer of cannabis flower or cannabis trim to a medical cannabis establishment.
- 101 The 5% excise tax shall apply to the fair market value of the cannabis flower or cannabis trim on the first sale or transfer of cannabis flower or cannabis trim to a medical cannabis establishment with a common ownership of the cultivator.
- 102 The fair market value is the value established by the Department of Revenue based on the price that a medical cannabis establishment would pay to the cultivator in an arm's length transaction for medical cannabis on the wholesale market. The Department of Revenue will calculate fair market value using reported sales of each category of medical cannabis using medical cannabis cultivator transactions recorded in the State's seed-to-sale tracking system. Fair market value will be set by the Department of Revenue on January 1 and July 1 of each calendar year and posted to the Department of Revenue's website.
- 103 All cultivators will be required to file medical cannabis excise tax returns electronically by the twentieth of the month following the reporting period.
- 104 Electronic payment of excise tax will be required unless the medical cannabis cultivation facility has written approval from the Department of Revenue to pay using another method.
- 105 (Reserved)

*35.VIII.4.01 effective June 16, 2022*