



Special Notice

CALIFORNIA STATE BOARD
OF EQUALIZATION
450 N STREET
SACRAMENTO, CA 95814

EXECUTIVE DIRECTOR
DAVID J. GAU

BOE WEBSITE AND
BOARD MEMBER CONTACT
INFORMATION
www.boe.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115

TTY
711

Information About Proposition 64 for Sellers of Medical Marijuana

On **November 8, 2016**, California voters will decide whether to approve Proposition 64, *Control, Regulate and Tax Adult Use of Marijuana Act*. If Proposition 64 passes:

- 1) Effective **November 9, 2016**, certain sales of medical marijuana would be exempt from sales and use tax.
- 2) Effective **January 1, 2018**, a 15 percent excise tax would be imposed upon purchasers of all marijuana and marijuana products. Additionally, a tax on cultivators of marijuana would be imposed.

If Proposition 64 does not pass, the sales of medical marijuana and medical marijuana-related products remain subject to sales and use tax, and there will be no excise tax or cultivation tax imposed.

If Proposition 64 passes, what would qualify for the sales and use tax exemption?

The sales and use tax exemption would only apply to the retail sales of medical cannabis, medical cannabis concentrate, edible medical cannabis products, or topical cannabis as those terms are defined in the [Business and Professions Code section 19300.5](#). To obtain the exemption, qualified patients or their primary caregiver would need to provide their valid *Medical Marijuana Identification Card* issued by the California Department of Public Health, under [section 11362.71 of the Health and Safety Code](#), and a valid government issued identification card at the time of purchase.

How would a retailer claim the sales and use tax exemption?

Medical marijuana retailers would be able to claim the exemption on their sales and use tax return. Retailers would need to retain supporting documentation to substantiate exempt transactions.

If Proposition 64 passes, what would be subject to excise tax and cultivation tax?

If Proposition 64 passes, effective **January 1, 2018**, a 15 percent excise tax, based on the gross receipts from the retail sale, would be imposed upon retail purchasers of all marijuana and marijuana products, including medical marijuana. In addition, a tax on cultivators of marijuana would generally be imposed as follows:

- \$9.25 per dry-weight ounce of marijuana flowers
- \$2.75 per dry-weight ounce of marijuana leaves

For more information

If Proposition 64 is approved by California voters, the California State Board of Equalization's online *Tax Guide for Medical Cannabis Businesses* at www.boe.ca.gov/industry/medical_cannabis.html will be updated to provide additional information.

You may also call the Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.