

HOUSE BILL NO. 5085

September 26, 2025, Introduced by Reps. Carra, Greene, DeSana and Maddock and referred to Committee on Finance.

A bill to amend 2018 IL 1, entitled
"Michigan Regulation and Taxation of Marihuana Act,"
by amending sections 3 and 13 (MCL 333.27953 and 333.27963), as
amended by 2023 PA 166.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3. As used in this act:
- 2 (a) "Cannabis regulatory agency" means the marijuana
- 3 regulatory agency created under Executive Reorganization Order No.
- 4 2019-2, MCL 333.27001, renamed the cannabis regulatory agency under
- 5 Executive Reorganization Order No. 2022-1, MCL 333.27002.
- 6 (b) "Cultivate" means to propagate, breed, grow, harvest, dry,

1 cure, or separate parts of a marihuana plant by manual or
2 mechanical means.

3 (c) "Department" means the cannabis regulatory agency.

4 (d) "Indian lands" means any of the following:

5 (i) All lands within the limits of an Indian reservation.

6 (ii) Any lands title to which is either held in trust by the
7 United States for the benefit of any Indian tribe or individual or
8 held by any Indian tribe or individual subject to restriction by
9 the United States against alienation and over which an Indian tribe
10 exercises governmental power.

11 (e) "Indian tribe" means any Indian tribe, band, nation, or
12 other organized group or community of Indians which is recognized
13 as eligible by the United States Secretary of the Interior for the
14 special programs and services provided by the United States to
15 Indians because of their status as Indians, and is recognized as
16 possessing powers of self-government.

17 (f) "Industrial hemp" means any of the following:

18 (i) A plant of the genus *Cannabis*, whether growing or not, with
19 a THC concentration of 0.3% or less on a dry-weight basis.

20 (ii) A part of a plant of the genus *Cannabis*, whether growing
21 or not, with a THC concentration of 0.3% or less on a dry-weight
22 basis.

23 (iii) The seeds of a plant of the genus *Cannabis* with a THC
24 concentration of 0.3% or less on a dry-weight basis.

25 (iv) If it has a THC concentration of 0.3% or less on a dry-
26 weight basis, a compound, manufacture, derivative, mixture,
27 preparation, extract, cannabinoid, acid, salt, isomer, or salt of
28 an isomer of any of the following:

29 (A) A plant of the genus *Cannabis*.

1 (B) A part of a plant of the genus *Cannabis*.

2 (v) A product to which 1 of the following applies:

3 (A) If the product is intended for human or animal
4 consumption, the product, in the form in which it is intended for
5 sale to a consumer, meets both of the following requirements:

6 (I) Has a THC concentration of 0.3% or less on a dry-weight or
7 per volume basis.

8 (II) Contains a total amount of THC that is less than or equal
9 to the limit established by the cannabis regulatory agency under
10 section 8(1)(n).

11 (B) If the product is not intended for human or animal
12 consumption, the product meets both of the following requirements:

13 (I) Contains a substance listed in subparagraph (i), (ii), (iii),
14 or (iv).

15 (II) Has a THC concentration of 0.3% or less on a dry-weight
16 basis.

17 (g) "Licensee" means a person holding a state license.

18 (h) "Marihuana" means any of the following:

19 (i) A plant of the genus *Cannabis*, whether growing or not.

20 (ii) A part of a plant of the genus *Cannabis*, whether growing
21 or not.

22 (iii) The seeds of a plant of the genus *Cannabis*.

23 (iv) Marihuana concentrate.

24 (v) A compound, manufacture, salt, derivative, mixture,
25 extract, acid, isomer, salt of an isomer, or preparation of any of
26 the following:

27 (A) A plant of the genus *Cannabis*.

28 (B) A part of a plant of the genus *Cannabis*.

29 (C) The seeds of a plant of the genus *Cannabis*.

1 (D) Marihuana concentrate.

2 (vi) A marihuana-infused product.

3 (vii) A product with a THC concentration of more than 0.3% on a
4 dry-weight or per volume basis in the form in which it is intended
5 for sale to a consumer.

6 (viii) A product that is intended for human or animal
7 consumption and that contains, in the form in which it is intended
8 for sale to a consumer, a total amount of THC that is greater than
9 the limit established by the cannabis regulatory agency under
10 section 8(1) (n).

11 (i) Except for marihuana concentrate extracted from any of the
12 following, "marihuana" does not include any of the following:

13 (i) The mature stalks of a plant of the genus *Cannabis*.

14 (ii) Fiber produced from the mature stalks of a plant of the
15 genus *Cannabis*.

16 (iii) Oil or cake made from the seeds of a plant of the genus
17 *Cannabis*.

18 (iv) A compound, manufacture, salt, derivative, mixture, or
19 preparation of the mature stalks of a plant of the genus *Cannabis*.

20 (v) Industrial hemp.

21 (vi) An ingredient combined with marihuana to prepare topical
22 or oral administrations, food, drink, or other products.

23 (vii) A drug for which an application filed in accordance with
24 21 USC 355 is approved by the Food and Drug Administration.

25 (j) "Marihuana accessories" means any equipment, product,
26 material, or combination of equipment, products, or materials, that
27 is specifically designed for use in planting, propagating,
28 cultivating, growing, harvesting, manufacturing, compounding,
29 converting, producing, processing, preparing, testing, analyzing,

1 packaging, repackaging, storing, containing, ingesting, inhaling,
2 or otherwise introducing marihuana into the human body.

3 (k) "Marihuana concentrate" means the resin extracted from any
4 part of a plant of the genus *Cannabis*.

5 (l) "Marihuana establishment" means a marihuana grower,
6 marihuana safety compliance facility, marihuana processor,
7 marihuana microbusiness, marihuana retailer, marihuana secure
8 transporter, or any other type of marihuana-related business
9 licensed by the cannabis regulatory agency.

10 (m) "Marihuana grower" means a person licensed to cultivate
11 marihuana and sell or otherwise transfer marihuana to marihuana
12 establishments.

13 (n) "Marihuana-infused product" means a topical formulation,
14 tincture, beverage, edible substance, or similar product containing
15 marihuana and other ingredients and that is intended for human
16 consumption.

17 (o) "Marihuana microbusiness" means a person licensed to
18 cultivate not more than 150 marihuana plants; process and package
19 marihuana; and sell or otherwise transfer marihuana to individuals
20 who are 21 years of age or older or to a marihuana safety
21 compliance facility, but not to other marihuana establishments.

22 (p) "Marihuana processor" means a person licensed to obtain
23 marihuana from marihuana establishments; process and package
24 marihuana; and sell or otherwise transfer marihuana to marihuana
25 establishments.

26 (q) "Marihuana retailer" means a person licensed to obtain
27 marihuana from marihuana establishments and to sell or otherwise
28 transfer marihuana to marihuana establishments and to individuals
29 who are 21 years of age or older.

1 (r) "Marihuana safety compliance facility" means a person
2 licensed to test marihuana, including certification for potency and
3 the presence of contaminants.

4 (s) "Marihuana secure transporter" means a person licensed to
5 obtain marihuana from marihuana establishments in order to
6 transport marihuana to marihuana establishments.

7 (t) "Marijuana regulatory agency", unless the context dictates
8 otherwise, means the cannabis regulatory agency.

9 (u) "Municipal license" means a license issued by a
10 municipality pursuant to section 16 that allows a person to operate
11 a marihuana establishment in that municipality.

12 (v) "Municipality" means a city, village, or township.

13 (w) "Person" means an individual, corporation, limited
14 liability company, partnership of any type, trust, or other legal
15 entity.

16 (x) "Process" or "processing" means to separate or otherwise
17 prepare parts of a marihuana plant and to compound, blend, extract,
18 infuse, or otherwise make or prepare marihuana concentrate or
19 marihuana-infused products.

20 (y) "Qualifying Indian tribe" means an Indian tribe that meets
21 all of the following conditions:

22 (i) The Indian tribe has entered into an agreement with the
23 cannabis regulatory agency under section 7(2)(b) that is in effect.

24 (ii) The Indian tribe has entered into an agreement with the
25 department of treasury that is in effect and that does all of the
26 following:

27 (A) States that the revenue collected from the tax or fee
28 described in subparagraph (iii) is not state money, and requires that
29 this revenue be retained by and used as determined by only the

1 Indian tribe, if the marihuana subject to the tax or fee was grown
2 and processed on only the Indian tribe's Indian lands.

3 (B) States whether the revenue collected from the tax or fee
4 described in subparagraph (iii) from marihuana not described in sub-
5 subparagraph (A) is subject to revenue sharing between the Indian
6 tribe and this state and, if so, the details of the revenue sharing
7 arrangement.

8 (iii) The Indian tribe imposes a tax or fee on each sale or
9 transfer of marihuana from a tribal marihuana business located in
10 the Indian tribe's Indian lands to a person other than a tribal
11 marihuana business or marihuana establishment. This subparagraph
12 does not prohibit a qualifying Indian tribe from imposing the tax
13 or fee on sales or transfers of marihuana that are not described in
14 this subparagraph. The tax or fee must be based on the sales price
15 of the marihuana and the rate of the tax or fee must be equal to or
16 greater than the rate established under section 13. **Beginning on**
17 **January 1, 2026, this subparagraph does not apply.**

18 (z) "State license" means a license issued by the cannabis
19 regulatory agency that allows a person to operate a marihuana
20 establishment.

21 (aa) "THC" means any of the following:

22 (i) Tetrahydrocannabinolic acid.

23 (ii) Unless excluded by the cannabis regulatory agency under
24 section 8(2)(c), a tetrahydrocannabinol, regardless of whether it
25 is artificially or naturally derived.

26 (iii) A tetrahydrocannabinol that is a structural, optical, or
27 geometric isomer of a tetrahydrocannabinol described in
28 subparagraph (ii).

29 (bb) "Tribal marihuana business" means a business that meets

1 all of the following conditions:

2 (i) The business engages in the type of activities licensed
3 under this act.

4 (ii) The business is not a marihuana establishment.

5 (iii) The business is wholly owned by a qualifying Indian tribe,
6 the enrolled members of a qualifying Indian tribe, or a combination
7 of a qualifying Indian tribe and the members of that qualifying
8 Indian tribe.

9 (iv) The business is located in this state and in the Indian
10 lands of the qualifying Indian tribe described in subparagraph (iii).

11 (v) The business is subject to a tax or fee described in
12 subdivision (y) (iii).

13 (cc) "Unreasonably impracticable" means that the measures
14 necessary to comply with the rules or ordinances adopted pursuant
15 to this act subject licensees to unreasonable risk or require such
16 a high investment of money, time, or any other resource or asset
17 that a reasonably prudent businessperson would not operate the
18 marihuana establishment.

19 Sec. 13. (1) Except as otherwise provided in subsection (4),
20 in addition to all other taxes, an excise tax is imposed on each
21 marihuana establishment and on each person who sells marihuana at
22 the rate of 10% of the sales price for marihuana sold or otherwise
23 transferred to a person other than a marihuana establishment or
24 tribal marihuana business. **Beginning on January 1, 2026, this**
25 **subsection does not apply.**

26 (2) Except as otherwise provided by a rule promulgated by the
27 department of treasury, a product subject to the tax imposed under
28 this section may not be bundled in a single transaction with a
29 product or service that is not subject to the tax imposed by this

1 section.

2 (3) The department of treasury shall administer the taxes
3 imposed under this act pursuant to 1941 PA 122, MCL 205.1 to
4 205.31. The department of treasury may promulgate rules pursuant to
5 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
6 to MCL 24.328, that prescribe a method and manner for payment and
7 collection of the taxes imposed under this act.

8 (4) The tax imposed under subsection (1) does not apply to any
9 of the following:

10 (a) Marihuana sold or otherwise transferred from a tribal
11 marihuana business.

12 (b) Marihuana sold or otherwise transferred under the Michigan
13 Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

14 (c) Marihuana sold or otherwise transferred under the medical
15 marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to
16 333.27801.