

STATE TAXATION OF HARVESTED MARIJUANA

Purpose: This exhibit presents an overview of the tax rates and stamps of those states taxing harvested marijuana.

Background: Marijuana (or “hemp”) has been cultivated around the world for thousands of years. Its fibrous stalk traditionally was used to make rope, paper and cloth. Its seeds are used as bird feed and human food, and its oil for lighting and soap. It also has long been used as a medicine. The psychoactive properties of its resin, however, led to its regulation, taxation and, ultimately, prohibition.

The federal Marijuana Tax Act of 1937 imposed an annual occupational tax, with payment reflected by a special tax stamp, on those who dealt in marijuana. It also imposed a tax upon all transfers of marijuana (with much higher rates for unlicensed transactions) and stamps reflecting payment. The Supreme Court held the Act unconstitutional on self-incrimination grounds in 1969.

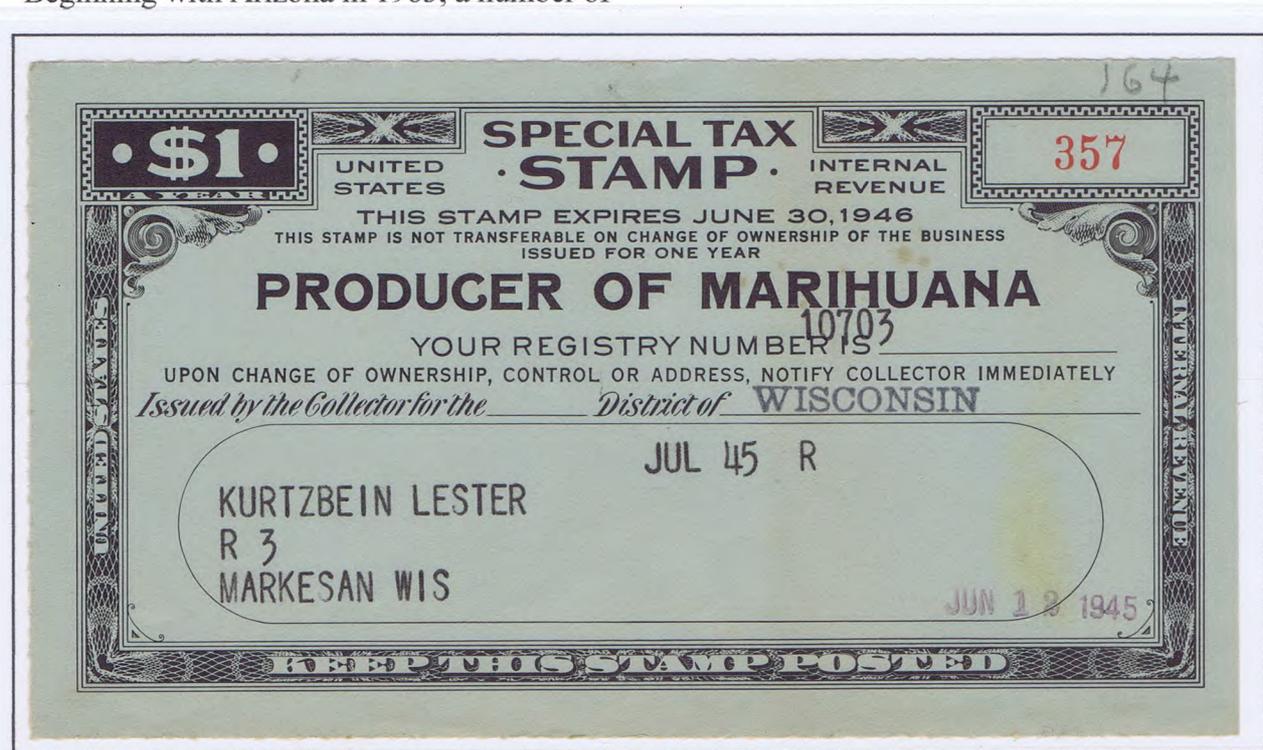
Beginning with Arizona in 1983, a number of

states revived taxation of marijuana and other illegal substances as part of a new “War on Drugs.” The rates range from 35¢ to \$100 per gram of marijuana, and payment does not make possession legal.

25 states have used revenue stamps to evidence payment of the tax, while others merely use receipts. Although stamps are available directly from the states where the laws remain in effect, many state laws have been repealed or stuck down by the courts, limiting the available stamps to those sold previously.

Pretending that the stamps would actually be used, and recognizing that the stamps would not be canceled like postage stamps, the states have applied a number of different revenue protection methods to insure that the stamps are not reused.

The states that recently “legalized” marijuana have not yet announced how they will handle payment of the taxes involved.



Special Tax Stamp issued to grower of marijuana in 1945. During World War II, the government encouraged the growth of marijuana for production of rope and other war materials.

ARIZONA

Effective Date: July 1, 1983

Tax Rate: \$10 per ounce

Minimum Purchase: Pane of 50 stamps

Annual license -- \$100
(Approximately 200 licenses issued 1983-1997)

Type I: Water activated; perforated 11 3/4;
numbered panes of 50

1-Gram	\$17.50 per pane
1-Ounce	\$500 per pane
1-Kilogram	\$17,637 per pane



**1-Gram (Type I)
Pane Number Block**



**Used Arizona
1-Ounce
(Type I)**



**1-Ounce (Type I)
("Uunce" variety, with notch
in "O" of "Ounce")**

Forgery: Only known type of state marijuana stamp forgery - crude color photocopy on self-adhesive paper



Type II: Self-Adhesive, roulette
perforated; Numbered panes of 50

1-Gram	\$17.50 per pane
1-Ounce	\$500 per pane

Approximate Number Sold (both types combined):

1-gram	28,250
1-ounce	1,050
1-Kilogram	None



1-Gram and 1-Ounce (Type II)

Revenue Protection: None apparent

Status: Repealed effective July 21, 1997

ALABAMA

Effective Date: November 1, 1988

Tax Rate: \$3.50 per gram

Denominations Produced

1-Gram 5-Gram 10-Gram 20-Gram

Format: Self-Adhesive Rolls

Revenue Protection: Stamps made of thin film with extremely strong adhesive

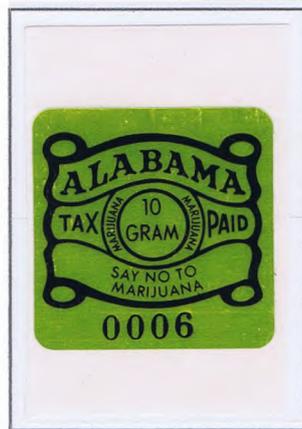
Status: Still in effect



One-Gram Stamp



Five-Gram Stamp



Ten-Gram Stamp



Twenty-Gram Stamp



One-Gram Strip of Four

CONNECTICUT

Effective Date: October 1, 1991

Tax Rate: \$3.50 per gram

Denominations:

\$10 \$500

Format: Precut Self-Adhesive

Revenue Protection: WW&L Detex 2000; security mark imbedded in reflective film; super strong adhesive

Status: Still in effect.



Connecticut \$10 Stamp

GEORGIA

Effective Date: April 16, 1990

Minimum Purchase: \$3.50

Tax Rate: \$3.50 per gram

Status: Still technically in effect, but state not accepting tax payments

No Stamps – Only standard tax receipt

RD 1050

**STATE OF GEORGIA
DEPARTMENT OF REVENUE
CASH RECEIPT**

73390

March 4, 19 98

RECEIVED FROM Robert R. Henak \$ 3.50

Three dollars & 50/100 DOLLARS

IN PAYMENT OF:

TYPE TAX: <u>Marijuana/Controlled Substances Excise</u>	LICENSE: _____	OTHER: _____
PERIOD: <u>1/21/98</u>	PERMIT: _____	_____
FIFA NO.: _____	PERIOD: _____	_____

98-001 TAXPAYER I.D. NUMBER

Guymeth Zachary REVENUE DEPT. REPRESENTATIVE

F/S DIVISION

ORIGINAL	
TAX	3.50
PENALTY	
INTEREST	
FEE	
TOTAL	3.50

Only example known to exhibitor to be in collector's hands

IDAHO

Effective Date: July 1, 1989

Tax Rate: \$3.50 per gram

Minimum purchase: \$150

Format: Nondenominated, Self-Adhesive Rolls

Revenue Protection: None apparent

Status: Still in effect

Type I: Circa 1990; 50x51mm Die cut self-adhesive; Thick white backing paper same width as stamp; crudely pin perforated; Serial Nos. 0001 - 0500

Type II: Circa 2011; 50x50mm; Die cut self-adhesive; translucent white backing paper 58x57mm; Roulette 11; Finer lettering; Serial Nos. 0501 - on



Idaho One-Gram



Idaho One-Gram

ILLINOIS

Effective Date: January 1, 1988

Tax Rate: \$5.00 per gram

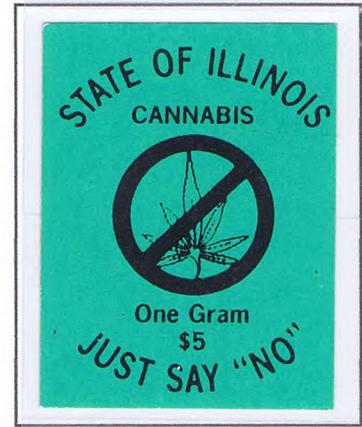
- 1-Gram (Type I--Self-Adhesive)
- 1-Gram (Type II--Decal in panes of 100)

Tax Rate: \$10.00 per gram (effective 11/29/94)

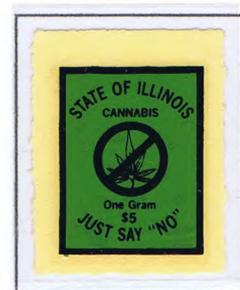
- 1-Gram (Type II Decal with special punch hole)

Revenue Protection: Decal thin and easily damaged upon removal; Self-adhesive - none apparent

Status: Held Unconstitutional in 1996



Illinois 1-Gram
(Type I)



Illinois 1-Gram
(Type II)

IOWA

Effective Date: September 1, 1990

Tax Rate: \$5.00 per gram

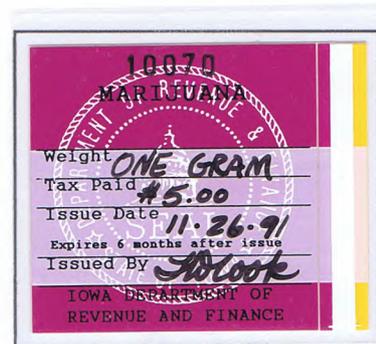
Minimum Purchase: \$215

Format: Nondenominated, Precut Self-Adhesives

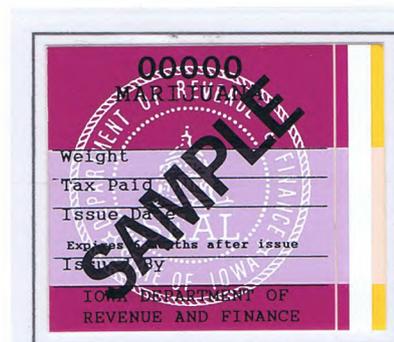
Revenue protection: 6-month expiration date

Status: Still in effect

Sample Stamps: Examples provided to law enforcement officers so they recognize what the tax stamps look like. (only three known to exhibitor; this is **discovery copy**)



Iowa One-Gram



Iowa One-Gram
Sample Stamp

INDIANA

Effective Date: July 1, 1992

Tax Rate: \$3.50 per gram

No Stamps – Only special Controlled Substance tax receipt

Minimum Purchase: \$10

Status: Still in effect despite unfavorable court decision

State Form 45293
Revised 7/1/96
Approved by State Board
of Accounts 1992



Indiana Department of Revenue CONTROLLED SUBSTANCE EXCISE TAX

Receipt No: 200629
Control No: 497916

TIME: 2:24 (EST) DATE: 2-9-98

SCHEDULE	I	II	III	IV	V	MARIJUANA
TAX RATE PER GRAM	\$40.00	\$40.00	\$40.00	\$20.00	\$10.00	\$3.50
NUMBER OF GRAMS	_____	_____	_____	_____	_____	<u>2.857</u>
NUMBER OF DOSAGES	_____	_____	_____	_____	_____	_____

Received in the amount of TEN DOLLARS \$ 10 . 00
Sheela Jones J2172 CONTROLLERS
SIGNATURE OF ISSUER I.D. NUMBER DIVISION
THIS RECEIPT VALID UNTIL: 2:24 TIME (EST) 3-10-98 DATE

THIS EVIDENCE OF PAYMENT DOES NOT LEGALIZE THE DELIVERY, SALE, POSSESSION, OR MANUFACTURE OF A CONTROLLED SUBSTANCE. THE UNAUTHORIZED DELIVERY, SALE, POSSESSION, OR MANUFACTURE OF A CONTROLLED SUBSTANCE IS A CRIME.

KANSAS

Effective Date: July 1, 1987

Tax Rates:

Marijuana: \$3.50 per gram
Wet domestic: .40 per gram
Dry domestic: .90 per gram

Minimum purchase: \$100

Denominations (apply to all controlled substances):

\$10 \$50 \$100 \$500 \$1000

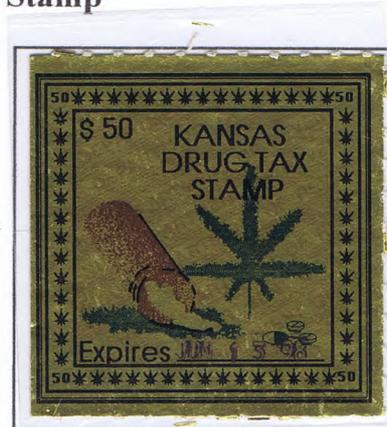
Format: Roulette Perforated Pane of 10

Revenue Protection: Expiration date

Status: Still in effect



Kansas \$10 Stamp



Kansas \$50 Stamp

KENTUCKY

Effective Date: July 15, 1994

Tax Rate: \$3.50 per gram

One-Gram Stamp

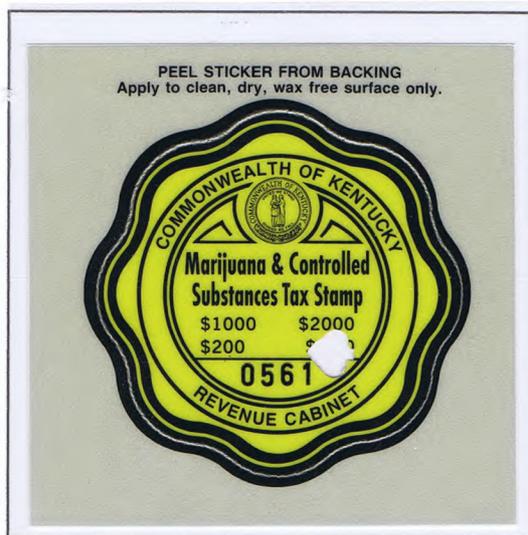
Revenue Protection: Stamps made of thin film

Format: - Precut Self-Adhesive
- Punch out to designate value by what remains

Status: Still in effect



Kentucky One-Gram - Type 1
(As intended)



Kentucky One-Gram - Type 2
(Clerk punched Marijuana rather than leaving it unpunched)

LOUISIANA

Effective Date: January 1, 1991

Tax Rate: \$3.50 per gram

One-Gram Stamp

Format: Self-Adhesives; Roulette Perforated; Panes of 20

Revenue Protection: VOID security film

Status: Still in effect



Showing effect of "VOID" security film when stamp removed



Louisiana One-Gram Type I—"VOID" imbedded inverted in decal



Louisiana One-Gram Type II—No "VOID" (lighter green shade)

MASSACHUSETTS

Effective Date: July 1, 1993

Tax Rate: \$3.50 per gram

One-Gram Stamp

Format: Self-Adhesives

Revenue Protection: None apparent

Status: Still in effect



Type 1 - Square-cornered self-adhesive, Serial Nos. 001-999



Type 2 - Round-cornered self-adhesive on white backing paper

MINNESOTA

Effective Date: August 1, 1986
 Tax Rate: \$3.50 per gram
 Format: Nondenominated
 Type I: Precut Self-Adhesives
 Type II (2013): Self-Adhesive Coils



**Type I
One-Gram**



**Type II
One-Gram**

Revenue Protection: Type I - None apparent
 Type II - strong adhesive and diagonal slits to prevent removal

Status: Still in effect

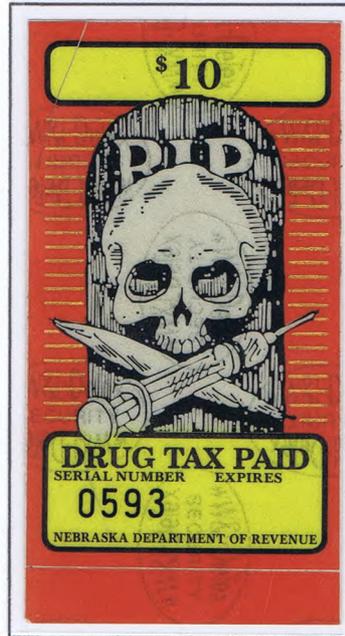
NEBRASKA

Effective Date: January 1, 1991
 Tax Rate: \$3.50 per gram
 Denominations Produced:

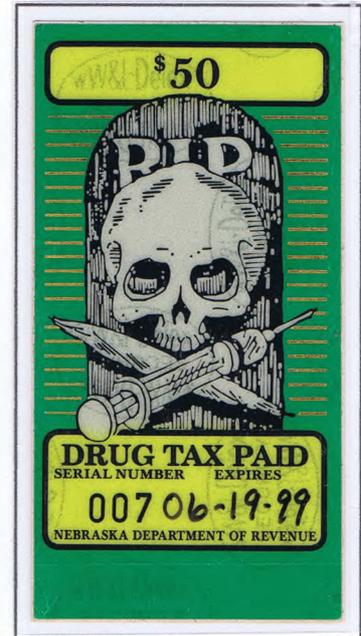
\$10	\$500
\$50	\$1000
\$100	

Format: Precut Self-Adhesive

Revenue Protection: Expiration date; WW&L Detex 2000 film; security mark imbedded in reflective film; super strong adhesive



**Nebraska \$10 Stamp
ERROR: No exp. date**



Nebraska \$50 Stamp

Status: Still in effect

NEVADA

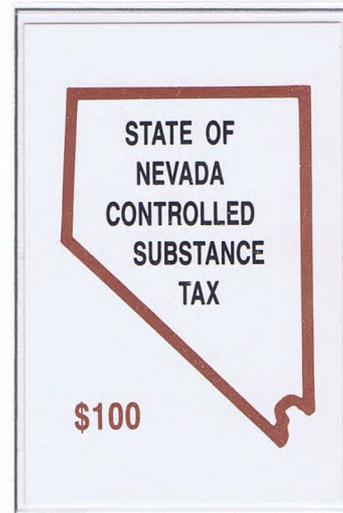
Effective Date: 1987
 Tax Rate: \$100 per gram
 Annual license -- \$250
 Denomination: \$100 (two known in collectors' hands)

Format: Precut Self-Adhesive

Status: Still in effect despite state decision questioning constitutionality

Revenue Protection: None apparent

Specimen Stamps: Without serial number - one known



**Nevada Marijuana
Stamp - Specimen**

Stems and Stalks

Marijuana

NORTH CAROLINA

Effective Date: January 1, 1990

Tax Rate:

Marijuana: \$3.50 per gram

Separated Stems and Stalks: \$0.40 per gram

Format: Non-Denominated stamps
Precut Self-Adhesive

Revenue Protection: None apparent

Status: Still in effect despite decision questioning constitutionality

Type 1 - White panel, smaller serial numbers and "Marijuana"



Type 2 - No panel, larger serial numbers and "Marijuana"



NORTH DAKOTA

Effective Date: July 1, 1989

Tax Rate: \$3.50 per gram

Nondenominated Stamp

Approx. 44 sold before repeal (Type 1)
1000 sold after repeal (Type 2, with "A" prefix in serial number)

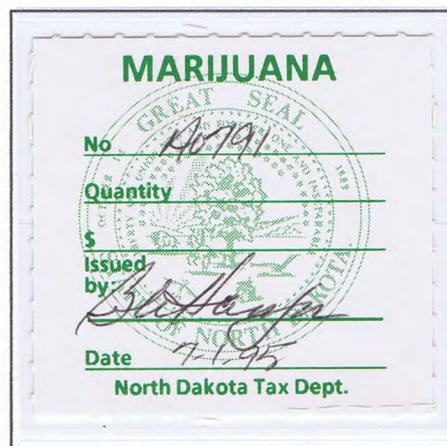
Format: Self-Adhesive Panes of 20
Roulette Perforated

Revenue Protection: None apparent

Status: Repealed July 1, 1995



Type 1 North Dakota One-Gram Stamp (sold prior to repeal)



Type 2 North Dakota one-gram marijuana stamp (sold following repeal)

OKLAHOMA

Effective Date: July 1, 1990
Tax Rate: \$3.50 per gram

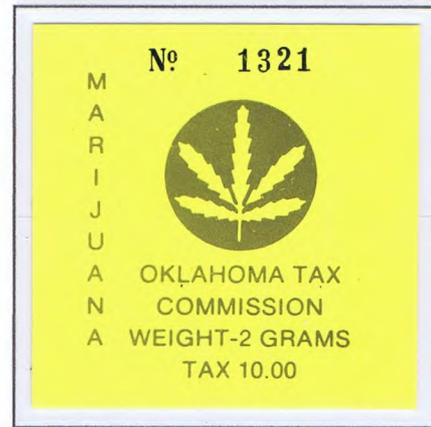
Denominations Produced:

2-Gram Stamp (\$10)
Nondenominated Stamps

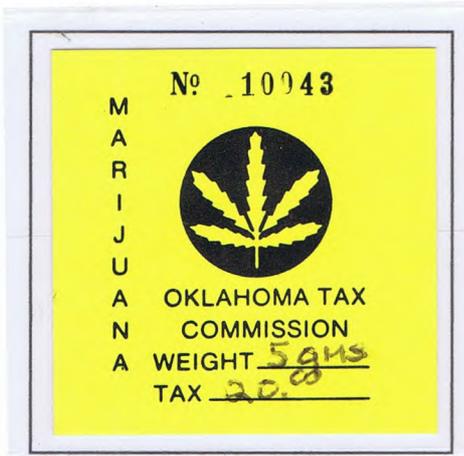
Format: Precut Self-Adhesive

Revenue Protection: None apparent

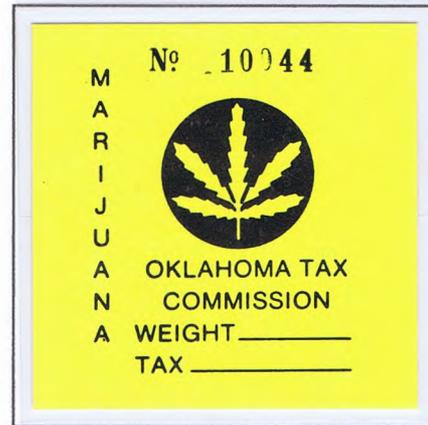
Status: Still in effect



Oklahoma Two-Gram



Oklahoma Nondenominated Stamp



Oklahoma Nondenominated Stamp (Blank due to official error)

RHODE ISLAND

Effective Date: July 10, 1989
Tax Rate: \$3.50 per gram

Nondenominated Stamps

Minimum Purchase: \$150

Format: Self-adhesives
Imperforate Panes of 25

Revenue Protection: None apparent

Status: Still in effect but stamps sold out



Rhode Island One-Gram

SOUTH CAROLINA

Effective Date: July 1, 1993

Tax Rate: \$3.50 per gram

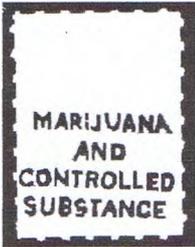
Status: Still in effect



Type Ia \$0.50



Type Ia \$1



Type Ia: Water-activated documentary stamps, with roulette perforations and four-line overprint: "MARIJUANA AND CONTROLLED SUBSTANCE"

Denominations: \$.50 \$1 \$5 \$10

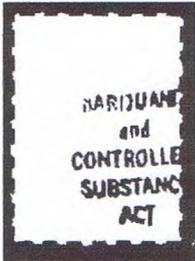
(\$100 and \$500 produced but not sold)



Type Ia \$5



Type Ia \$10



Type Ib: \$.50 and \$1 stamps known with five-line overprint: "MARIJUANA AND CONTROLLED SUBSTANCE ACT"

Revenue Protection: None apparent



Type Ib \$0.50

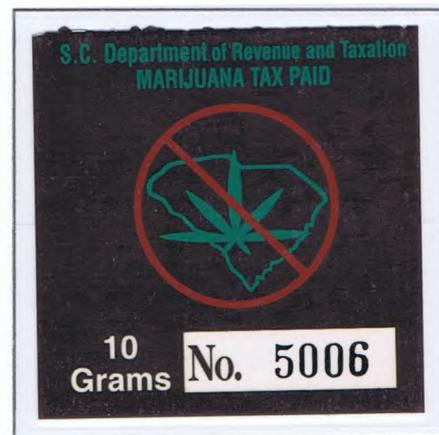
Version II: (February 1, 1994): Self-Adhesive Strip of Five

Denominations: 1-Gram 100-Gram 10-Gram 1000-Gram

Revenue Protection: None apparent



South Carolina One-Gram



South Carolina Ten-Gram

TENNESSEE

Effective Date: January 1, 2005

Tax Rate:

Marijuana: \$3.50 per gram

Separated Stems and
Stalks: \$0.40 per gram

Format: Precut Self-Adhesive Film
without denomination

Revenue Protection: Extremely thin and
fragile film plus strong adhesive

Status: Still in effect



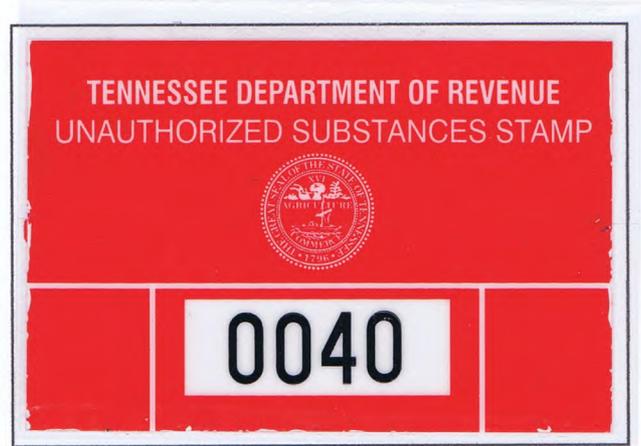
1-gram Stems & Seeds Stamp as sold



1-gram Marijuana Stamp as sold



1-gram Stems & Seeds Stamp w/ cover peeled



1-gram Marijuana Stamp w/ cover peeled

TEXAS

Effective Date: September 1, 1989

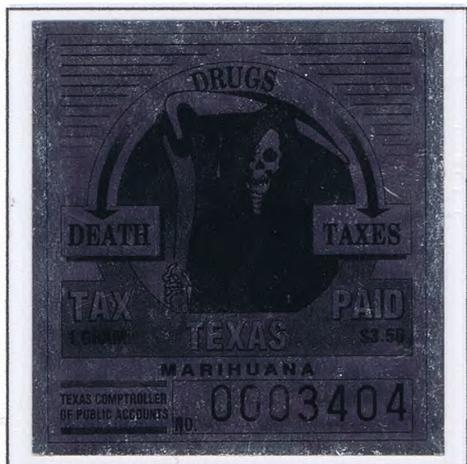
Tax Rate: \$3.50 per gram

Denominations:

1-Gram	1-Pound	(but none sold)
1-Oz.	1-Kilogram	(none sold but VOID specimens available)

Format: Precut Self-Adhesive

Status: Still in effect



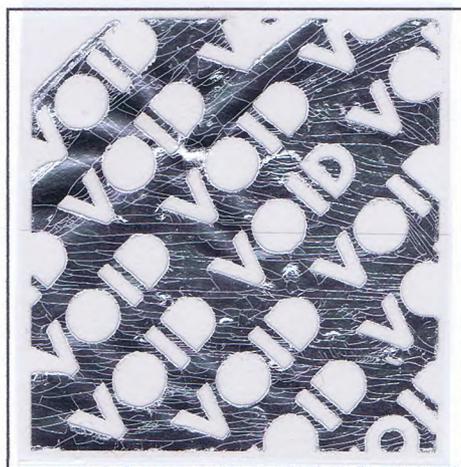
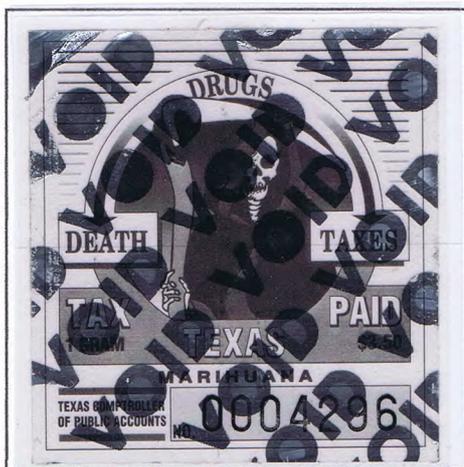
Texas One-Gram Stamp



Texas 1-Kilo Stamp (Void)
Distributed to police agencies
for identification purposes

Revenue Protection:

Printed on Security film that produces the following results when removed from package



WISCONSIN

Effective Date: May 1, 1990

Tax Rate: \$3.50 per gram

Format: One-Gram Decal;
Numbered panes of 36

Revenue Protection: Thin and
fragile film

Status: Held unconstitutional
January 24, 1997

Reenacted effective
October 14, 1997

Again held
unconstitutional 2004



Top stamp shows missing hyphen variety
Panes are sequentially numbered

UTAH

Effective Date: April 1, 1988

Tax Rate: \$3.50 per gram

Nondenominated Stamps

Minimum Purchase: \$150

Format: Self-Adhesives
Imperforate Panes of 100

Revenue Protection: None apparent

Status: Stamps still sold despite unfavorable court decision



Utah Three-Gram



Blank. either due to
official error or to
serve as specimen for
police