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Government Finance
Research Center

Potential Solutions for Michigan's Tax System

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Full Reports



How States Provide Cities with General Revenue: An Analysis of Unrestricted State Aid

Working Paper WP20AK1

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September 2020

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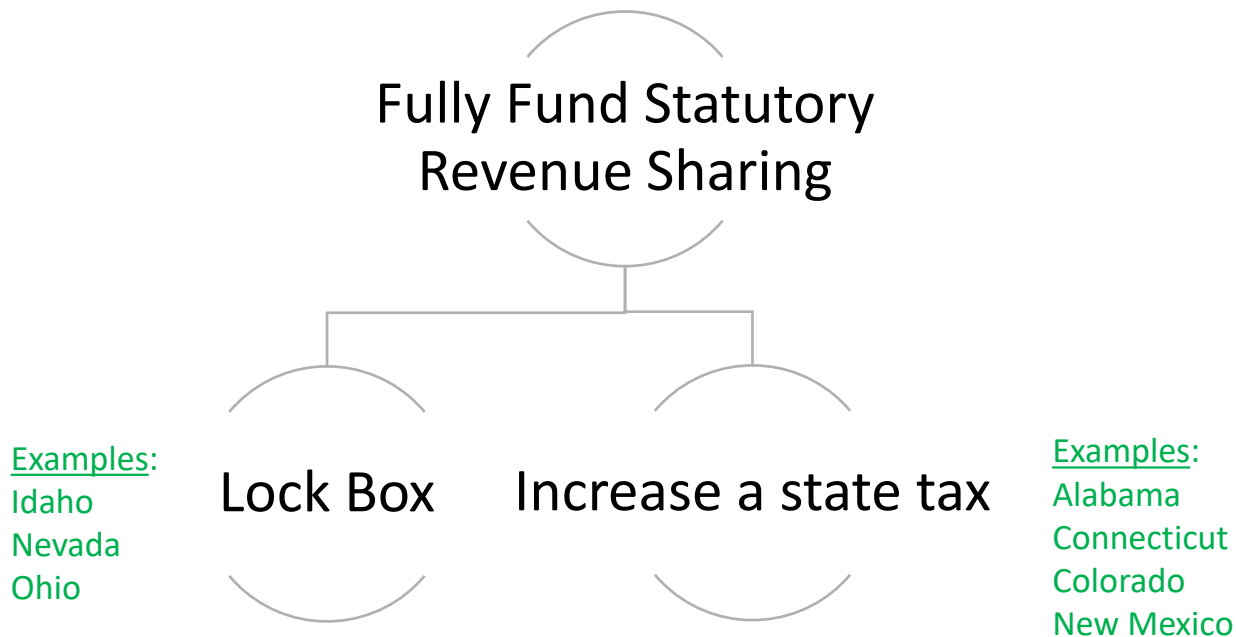
Primary Challenges

- Dwindling statutory revenue sharing
- Strict limitations on property taxes
- Few local revenue options
- Local government fragmentation

Overall Recommendations



Recommendations for Revenue Sharing



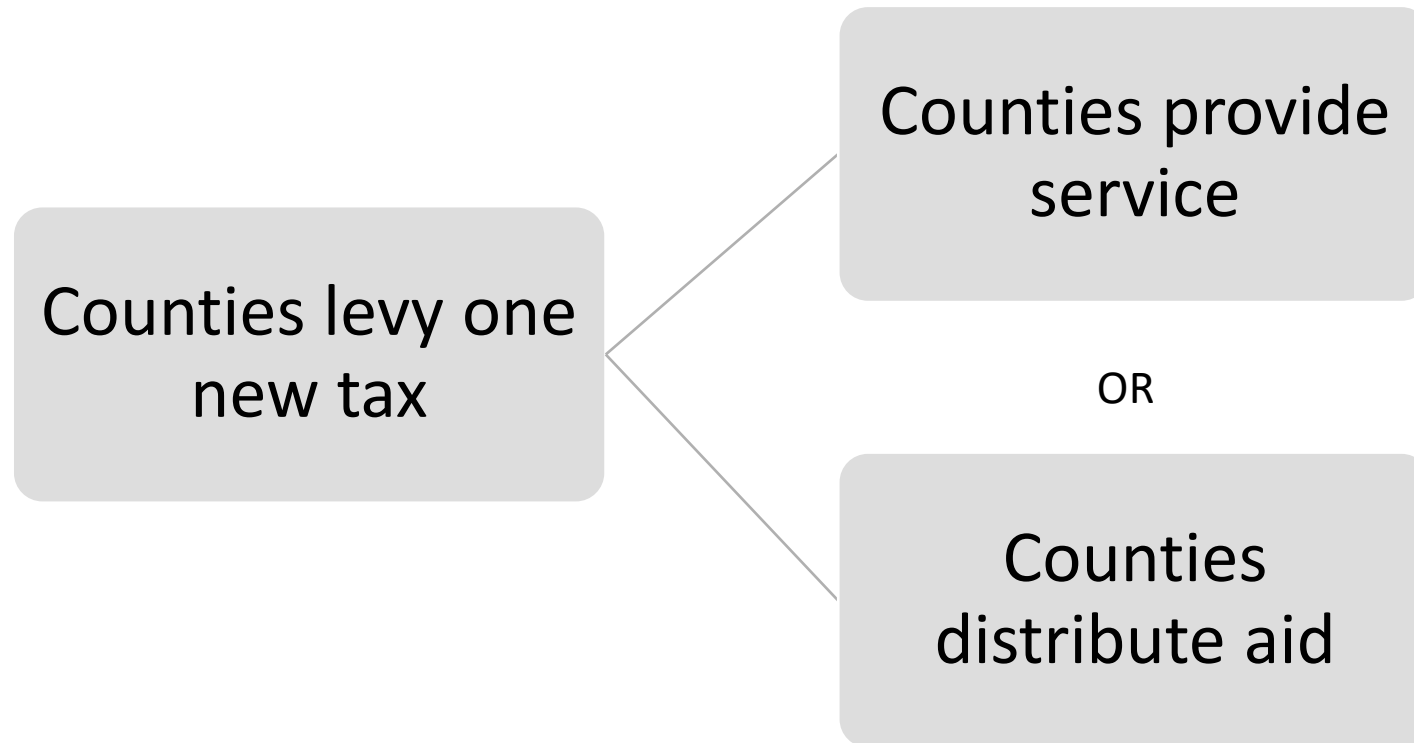
State Recreational Marijuana Excise Tax Rates as of January 1, 2020

State	Tax Rate
Alaska	\$50/oz. mature flowers, \$25/oz. immature flowers, \$15/oz. trim, \$1 per clone
Illinois	7% excise tax of value at wholesale level, 10% tax on cannabis flower or products with less than 35% THC, 20% tax on products infused with cannabis, such as edible products, 25% tax on any product with a THC concentration higher than 35%
Maine	10% excise tax (retail price), \$335/lb. flower, \$94/lb. trim, \$1.50 per immature plant or seedling, \$0.3 per seed
Michigan	10% excise tax (retail price)
Massachusetts	10.75% excise tax (retail price)
California	15% excise tax (levied on wholesale at average market rate)
Colorado	\$9.65/oz. flowers & \$2.87/oz. leaves cultivation tax, \$1.35/oz. fresh cannabis plant
	15% excise tax (levied on wholesale at average market rate)
	15% excise tax (retail price)
Nevada	15% excise tax (fair market value at wholesale), 10% excise tax (retail price)
Oregon	17% excise tax (retail price)
Washington	37% excise tax (retail price)

Recommendations for Property Tax Limits

- Allow local governments to raise mill rates when the tax base grows slowly without an override vote.
- Use a better measure of inflation for the state's levy limit.
 - Implicit price deflator
 - Growth in state personal income

Recommendations for Local Revenues



Recommendations for Government Fragmentation



Government as a Platform

“Plug in” the most
effective service
provider



Networked Enterprise

Connect separate
actors

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