Municipal and County Cannabis Retailers’ Occupation Tax Rate Changes Summary

To: All dispensaries engaged in the business of selling adult use cannabis at retail in taxing jurisdictions that have enacted Municipal or County Cannabis Retailers’ Occupation Taxes effective July 1, 2020

To verify your new combined state and local retailers’ occupation tax rate (i.e., state and local sales taxes), go to the Tax Rate Database at tax.Illinois.gov and select rates for July 2020.

What is taxed?
Municipal and County Cannabis Retailers’ Occupation Taxes are imposed on gross receipts from adult use cannabis sold at retail. These taxes, however, are not imposed on cannabis purchased under the Compassionate Use of Medical Cannabis Program Act.

Continued on back page.
What is the tax rate that counties and municipalities can impose by ordinance on retail sales of cannabis?

Municipalities may impose a tax on retail sales of cannabis, other than medical cannabis, at a rate that may not exceed 3%, imposed in one-quarter percent (0.25%) increments. Counties may impose a tax (also in one-quarter percent increments) on retail sales of cannabis, other than medical cannabis, at the following rates:

- In unincorporated areas of the county, the rate may not exceed 3.75%.
- In a municipality located in the county, the rate may not exceed 3%.

As with any local government tax administered by the Illinois Department of Revenue (IDOR), municipalities and counties must submit their ordinances to IDOR by a statutory deadline in order to begin imposing the tax.

For more information, refer to Informational Bulletin FY 2020-16, Municipalities and Counties may impose a local Cannabis Retailers’ Occupation Tax beginning July 1, 2020.

Where can I find tax rate changes or combined sales tax rates?

For a complete list of all sales tax rates, go to the Tax Rate Database at tax.Illinois.gov. Enter the municipality or county name and effective date (in this case, July 1, 2020).

Where can I find more information about Municipal and County Cannabis Retailers’ Occupation Taxes?

For more information about Municipal and County Cannabis Retailers’ Occupation Taxes, visit the Cannabis Taxes Information Page on our website. You may also contact the Local Tax Allocation Division at (217) 785-6518 or at Rev.Localtax@illinois.gov.