

ST 26-0039-GIL 08/31/2026 MEDICAL CANNABIS CULTIVATION PRIVILEGE TAX

As of July 1, 2026, the medical cannabis cultivation privilege tax rate is 7% of the gross receipts from the first sale. 410 ILCS 130/200. Craft growers are subject to the cannabis cultivation privilege tax under the Cannabis Regulation and Tax Act. 410 ILCS 705/60. (This is a GIL.)

August 31, 2026

NAME
COMPANY
ADDRESS
EMAIL

Dear NAME:

This letter is in response to your letter dated August 3, 2026, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL.

INQUIRY:

My law firm represents numerous state legalized cannabis licensees in Illinois. I request a General Information Letter concerning whether cannabis craft growers are subject to the State of Illinois’ 7% cannabis excise tax for cultivating adult-use and/or medical-use cannabis following the enactment of Public Act 104-436 (Enrolled SB 3222)? Although I would think both cannabis cultivation center licensees and craft grow licensees are equally subject to the excise tax, there is some confusion on the issue, especially as to the way 410 ILCS 130/200 is now drafted:

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(410 ILCS 130/200)

Sec. 200. Tax imposed.

(a) Beginning on January 1, 2014 and through June 30, 2026 the effective date of this Act, a tax is imposed upon the privilege of cultivating medical cannabis at a rate of 7% of the sales price per ounce. Beginning July 1, 2026, a tax is imposed on the privilege of cultivating medical cannabis at the rate of 7% of the gross receipts from the first sale of medical cannabis by a cultivator. The sale of any product that contains any amount of medical cannabis or any derivative thereof is subject to the tax under this Section on the full selling price of the product. The Department may determine the selling price of the medical cannabis when the seller and purchaser are affiliated persons or when the sale and purchase of medical cannabis is not an arm's length transaction and a value is not established for the medical cannabis. The value determined by the Department shall be commensurate with the actual price received for products of like quality, character, and use in the area. If there are no sales of medical cannabis of like quality, character, and use in the area, then the Department shall establish a reasonable value based on sales of products of like quality, character, and use in the other areas of the State, taking into consideration any other relevant factors. The proceeds from this tax shall be deposited into the Compassionate Use of Medical Cannabis Fund created under the Compassionate Use of Medical Cannabis Program Act. This tax shall be paid by a cultivation center and is not the responsibility of a dispensing organization or a qualifying patient.

As always, I appreciate your time and guidance.

DEPARTMENT'S RULING:

The Medical Cannabis Cultivation Privilege Tax Law imposes a tax on the privilege of cultivating medical cannabis at 7% of the gross receipts from the first sale. 410 ILCS 130/200. Prior to July 1, 2026, the medical cultivation tax was imposed at the rate of 7% of the sales price per ounce. The change in the tax rate aligns the medical cultivation tax with the Cannabis Cultivation Privilege Tax Law under the Cannabis Regulation and Tax Act (CRTA) so that the cultivation tax rate for medical cannabis and adult use cannabis is the same. 410 ILCS 705/60-10.

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The CRTA defines “dispensing organizations” to include “registered medical cannabis organizations”. While medical dispensaries are permitted to obtain cannabis from craft growers, craft growers are not licensed medical cultivators under the Compassionate Use of Medical Cannabis Program Act (Compassionate Use Act) and are only issued licenses under the CRTA. 410 ILCS 130/130(e); 410 ILCS 705/30. As such, craft growers may provide medical cannabis to a medical dispensary or dual licensed dispensary, however, the craft grower would have to pay the cultivation tax at the CRTA rate on any cannabis the craft grower sells to a dual licensed dispensary, which as of July 1, 2026, is the same rate as the medical cannabis cultivation privilege tax.

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department’s Taxpayer Assistance Division at 800-732-8866.

Very truly yours,

Kimberly Rossini
Associate Counsel
(217) 782-7055

KAR:slc