REVENUE ...
Working for You

Tennessee's Tax on Unauthorized Substances

Substances Subject to the Tax

Public Chapter 803 of 2004 created a state excise tax on controlled substances and certain illicit alcoholic beverages, including:

- Marijuana,
- Cocaine,
- Crack,
- Methamphetamine, and
- Untaxed liquors and spirits

Who Owes the Tax

The tax is due by any dealer who possesses an unauthorized substance upon which the tax has not been paid. Dealers may purchase stamps from the Tennessee Department of Revenue and affix them to the substance as proof that tax has been paid. A "dealer" is any person who possesses more than 42.5 grams of marijuana, seven or more grams of any other unauthorized substance that is sold by weight or 10 or more dosage units of any other unauthorized substance not sold by weight.

What This Tax Means to Local Law Enforcement Agencies

- **Additional funds to investigate, combat, prevent and reduce drug crimes.** The law enforcement agency that investigated the person assessed receives **75%** of the tax proceeds Revenue collects to use in anti-drug efforts. The state general fund receives the remaining 25%.

- **No impact to state or federal forfeiture programs.** Revenue's assessments will be funds **in addition** to the assets seized under state or federal seizure programs.

We're here to help.

For more information, visit the Tennessee Department of Revenue's Web site, www.Tennessee.gov/revenue, or call (615) 741-7071.

Authorization number 347196; 2000 copies; October 2004. This public document was promulgated at a cost of $0.04 per copy, Tennessee Department of Revenue.