



Fiscal Overview of Legal Cannabis

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Adult-Use Cannabis Legalization Timeline

2012: Colorado, Washington

2014: Alaska, Oregon, Washington D.C.

2016: California, Maine, Massachusetts, Nevada

2018: Michigan, Vermont

2019: Illinois

2020: Arizona, Montana, New Jersey

2021: New York, Virginia, New Mexico, Connecticut

2022: Rhode Island



2022 Cannabis Legalization/Tax Legislative Enactments

- **California** (AB 195): Suspend the state's cannabis cultivation tax. Maintains a 15 percent cannabis excise tax, as required by Proposition 64, until June 30, 2025. Moves collection of the excise tax from the distributor to the point-of-sale. Requires, by July 1, 2025, the California Department of Tax and Fee Administration (CDTFA) to adjust the excise tax every two years by a rate that would generate an amount of revenue equivalent to what would have been collected from the cultivation tax.
- **Minnesota** (HF 4065): Legalizes the sale of edibles derived from hemp; the bill does not include taxation on the products.
- **Mississippi** (SB 2095): The Mississippi Medical Cannabis Act legalizes the use of medical marijuana for certain medical conditions and imposes a 5% excise tax on medical cannabis cultivators.
- **Rhode Island** (H 7593): Legalizes recreational marijuana and regulates its use. There is a 20% tax on recreational marijuana. It is made up of a 7% sales tax, 10% cannabis tax, and a 3 percent tax by the municipality where the marijuana is sold.
- **Washington D.C.** (B 629): Creates DC's first medical cannabis sales tax holiday, on Friday, February 11, 2022. The holiday will start on Friday, April 15, 2022, and end on Sunday, April 24, 2022.

2022 Cannabis Legalization Ballot Measures

- **Arkansas:** [Proposal](#) to allow adults 21 and older to purchase and possess up to an ounce of cannabis. The state could impose up to a 10% supplemental tax on recreational cannabis sales. In addition to existing state and local tax
- **Maryland:** Maryland residents will have the opportunity to vote on legalizing recreational marijuana, taxation and licensing is being left up to lawmakers to resolve in 2023.
- **Missouri:** Legal Missouri 2022 seeks to allow people 21 and older to purchase, possess, consume, and cultivate marijuana. Additionally, the bill proposes expunging the records of people with non-violent marijuana offenses.
- **Nebraska:** Nebraska has a two part cannabis ballot initiative. The [Medical Cannabis Patient Protection Act](#), which protects patients with serious health conditions and their caregivers from arrest. The [Medical Cannabis Commission Act](#), which regulates private businesses to provide medical cannabis to qualified patients.
- **North Dakota:** New Approach North Dakota is a ballot measure that seeks to legalize the possession of up to one ounce of cannabis, four grams of cannabis concentrate, and up to five hundred milligrams in a cannabis infused product. The measure also seeks to make the cultivation of up to 3 cannabis plants legal.
- **Oklahoma:** SQ820 seeks to legalize the purchase and possession of up to one ounce of cannabis and grow up to six cannabis plants for personal use. The measure also seeks to create a pathway for the resentencing and/or expunging of criminal records.
- **South Dakota:** In November, South Dakota voters will see a [ballot initiative](#) to legalize personal use, possession, and cultivation of cannabis for adults 21 and older.

Cannabis Tax Structures

Types of Tax?

- Percentage of Price
- Weight- or Unit-Based
- Based on THC Content (Potency)

Point of collection?

- Growers, Processors, Retailers

Tax Rate?



Type of Cannabis Excise Tax Levied

Price-Based	Weight-Based	Potency-Based
Arizona	Alaska	Connecticut
California	Maine	Illinois
Colorado	New Jersey	New York
Illinois		
Maine		
Massachusetts		
Michigan		
Montana		
New Mexico		
New York		
Oregon		
Vermont		
Virginia		
Washington		

Select Comparison of State Cannabis Taxes



State	Tax Type
Alaska	Weight-based Excise Tax: <ul style="list-style-type: none"> • \$50 per ounce for flowers/mature buds. • \$25 per ounce for immature or abnormal buds • \$15 per ounce for trim • Clones: flat rate of \$1 per clone
California	<ul style="list-style-type: none"> • 15% excise tax on retail sales • 7.25% state sales tax
Colorado	<ul style="list-style-type: none"> • 15% excise tax • 15% retail sales tax
Illinois	<ul style="list-style-type: none"> • Cultivation privilege tax: 7% of the gross receipts from the sale of cannabis by a cultivator or craft grower to a dispensing organization • Cannabis Purchaser Excise Tax: <ul style="list-style-type: none"> ➤ 10% of purchase price – cannabis with THC level at or below 35% ➤ 20% of purchase price – all cannabis infused products ➤ 25% of the purchase price – cannabis with THC level above 35% • 6.25% state sales and use tax
Montana	<ul style="list-style-type: none"> • 20% excise tax at retail
New Mexico	<ul style="list-style-type: none"> • 12% cannabis excise tax (rises to 18% by 2030) • 5.125% gross receipts tax (sales tax)
Washington	<ul style="list-style-type: none"> • 37% excise tax on retail sales • 6.5% state sales tax

Select Comparison of State Cannabis Taxes



State	Tax Type
New York	<p>Potency tax based on total amount of THC:</p> <ul style="list-style-type: none"> • Cannabis flower taxed at five-tenths of one cent (0.5) per milligram; • Concentrated cannabis taxed at eight-tenths of one cent (0.8) per milligram; and • Cannabis edible product taxed at three cents (3.0) per milligram. <p>• Additional retail tax of nine 9% percent, as well as an additional four (4%) percent going to the local cities, counties, towns, or villages.</p>
New Jersey	<p>Social Equity Excise Fee: 33% percent of average retail price per ounce for first nine months of legal sales. Then,</p> <ul style="list-style-type: none"> • \$10 per ounce if average retail price per ounce is above \$350 • \$30 per ounce if average retail price per ounce is between \$250 and \$350 • \$40 per ounce if average retail price per ounce is between \$200 and \$250 • \$60 per ounce if average retail price per ounce is below \$200 <p>• 6.625% sales tax rate</p>
Oregon	<ul style="list-style-type: none"> • 17% retail tax
Vermont	<ul style="list-style-type: none"> • Excise tax of 14% of the sales price • 6% sales and use tax
Virginia	<ul style="list-style-type: none"> • 21% retail marijuana tax at point of sale • 5.3% state sales and use tax

Medical Cannabis Taxes

Of the 38 states that have comprehensive medical cannabis programs:

- 11 states exempt medical cannabis from sales and/or excise taxes
- 10 states apply sales and use taxes
- 8 states apply a special excise tax
- 6 states apply both an excise tax and sales taxes



Select State Recreational Cannabis Tax Revenues (in millions)

State	FY 2018	FY 2019	FY 2020	FY 2021
Alaska	\$11.1	\$19.2	\$24.5	\$28.9
California*	\$397.3	\$636.9	\$1,031.9	\$1,314.7
Colorado*	\$266.5	\$302.5	\$387.4	\$423.5
Nevada	\$69.8	\$99.2	\$105.2	\$157.8
Oregon	\$82.2	\$102.1	\$133.2	\$178.3
Washington	\$362.0	\$390.4	\$469.2	\$555.4

*CA and CO numbers are by calendar year, not fiscal year

Comparison of Marijuana Revenues with Tobacco and Alcohol (In Millions)

State	FY 2021 Cannabis Revenue	FY 2021 Tobacco Tax Revenue	FY 2021 Alcohol Tax Revenue
Alaska	\$28.9	\$56.8	\$40.9
California	\$1,314.7*	\$1,700.9	\$407.6
Colorado*	\$423.5	\$338.0	\$53.2
Nevada	\$157.8	\$195.0	\$48.5
Oregon	\$178.3	\$354.0	\$323.0
Washington	\$554.9	\$384.6	\$454.3

* calendar year

Revenue Allocation

- Education
- Treatment, Prevention, Public Health Education
- Law Enforcement
- Social Equity
- Localities
- Infrastructure



Impact of Future Federal Action

- Marijuana is still classified as an illegal, schedule one controlled substance.
- Cannabis prices could fall if federal barriers to doing business are removed.



Thank You!

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