



Cannabis Tax Revenue in States That Regulate Cannabis for Adult Use

Legalizing cannabis for adults has been a wise investment. Since 2014 when sales began in Colorado and Washington, legalization policies have provided states a new revenue stream to bolster budgets and fund important services and programs. Through the end of 2022, states have reported a combined total of more than \$15 billion in tax revenue from legal, adult-use cannabis sales. In 2022, legalization states generated more than \$3.77 billion in cannabis tax revenue from adult-use sales. In addition to revenue generated for statewide budgets, cities and towns have also generated hundreds of thousands of dollars in new revenue from local adult-use cannabis taxes.

Twenty-two states have legalized cannabis possession for adults 21 and older. All but two of them — Maryland and Virginia — have also legalized, regulated, and taxed cannabis sales, and Maryland’s governor plans to sign twin bills that are on his desk to do so.

Although cannabis sales have continued to generate billions in annual tax revenue, 2022 marked the first year with a decrease in tax revenues compared to the prior year. Even as new states came online, we saw a slight decrease in total state cannabis tax revenue — from over \$3.86 billion in 2021 compared to \$3.77 billion in 2022. Prior to 2022, every legalization state had seen annual increases in cannabis tax revenue. In 2022, however, six states with the most mature legalization laws experienced decreases in cannabis tax revenue, while newer legalization states generated more cannabis tax revenue in 2022 than in 2021.

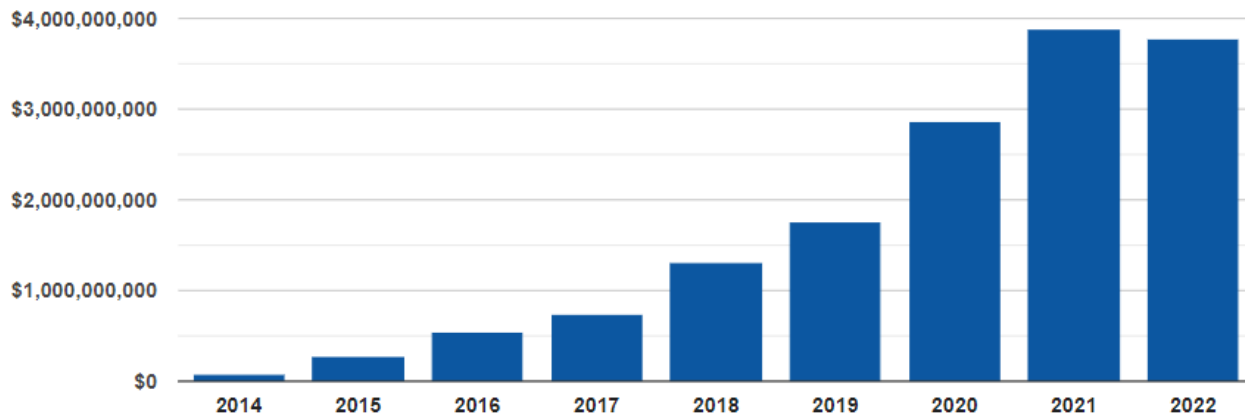
Reasons for declining tax revenue include the widespread availability of intoxicating synthetic cannabinoids made from hemp, which are largely unregulated and not subjected to cannabis excise taxes; lower prices in several states due to oversupply; sales beginning in additional states — reducing demand from visitors in more mature states; consumers having less disposable income due to inflation; and — in California — the state reducing the tax rate to make legal cannabis more competitive. Cannabis businesses also face significant challenges due to ongoing federal prohibition, which drives up costs of rent, banking, and almost everything else, and results in an enormous federal tax burden. Those burdens do not apply to intoxicating cannabinoids derived from hemp.

As Vicente LLP Director of Economics and Research Andrew Livingston explained, 2022’s revenue decreases were “due to a multitude of factors,” and that one of them is likely COVID-related. “While 2022 cannabis taxes are lower in some established markets than they were in 2021, it’s important to know how COVID-19 and pandemic initiated lockdown orders increased cannabis demand. People could not spend their money going to concerts, going out to dinner, or vacation travel. So many people increased their consumption of consumer packaged goods. Cannabis was a product that could still be purchased and made the difficulty of staying at home for months on end watching TV shows and movies a bit more enjoyable.”

In every state where cannabis tax revenue decreased in 2022, tax proceeds still outperformed every year prior to the COVID-19 pandemic and related shuThis document reviews each legalization state’s adult-use cannabis tax structure, population, and year-by-year adult-use cannabis tax revenue. States are listed in chronological order, based on when state-legal cannabis sales began, with the most mature markets

first. These figures include cannabis excise taxes and states' standard sales taxes that applied to cannabis. They **do not** include medical cannabis tax revenue, application and licensing fees paid by cannabis businesses, additional income taxes generated by workers in the cannabis industry, or taxes paid to the federal government.

Combined State Sales By Year (All States)



Colorado (pop. 5.8 million) | Tax rate: 15% wholesale, 15% special retail

Colorado voters approved an initiative to regulate cannabis for adults in November 2012, and on January 1, 2014, the state became the first with legal adult-use sales. Colorado already had a developed medical cannabis regulatory system, and many businesses were able to transition to having both a medical and an adult-use counter. Colorado has a significant medical program, with about 1.2% of the population enrolled. Colorado's 15% wholesale excise tax and its 15% special retail tax do not apply to those sales. (The special retail tax rate was 10% until the legislature and governor increased it in July 2017. Also, until July 2017, a 2.9% standard statewide sales tax was levied on cannabis sales. Currently, the standard sales tax is only applied to cannabis accessories (e.g. pipes) and is not included in the totals below.)

Colorado has generated over \$2.1 billion in adult-use cannabis taxes since 2014. At least \$745.6 million of the revenue has been dedicated to improving Colorado's public school system.¹

The below chart shows the year-by-year totals in Colorado's cannabis tax revenue. After years of steady growth in cannabis sales and related tax revenue, in 2022, Colorado experienced a nearly 30% reduction in adult-use cannabis tax revenue compared to the prior year — from \$395 million in 2021 to \$305 million in 2022. Although Colorado saw a year-over-year decrease, 2022 cannabis tax revenues exceeded any pre-pandemic year — coming in at 9.3% higher than 2019.

¹ <https://cdor.colorado.gov/data-and-reports/marijuana-data/marijuana-tax-reports>;
<https://docs.google.com/spreadsheets/d/1e8hnG64Vkg9ffgkNpKQ1kzPsXNbGjG2X/edit#gid=208699827>
"Marijuana_Tax_Revenue_2014_To_Date_Report," Totals of columns G, J, and K

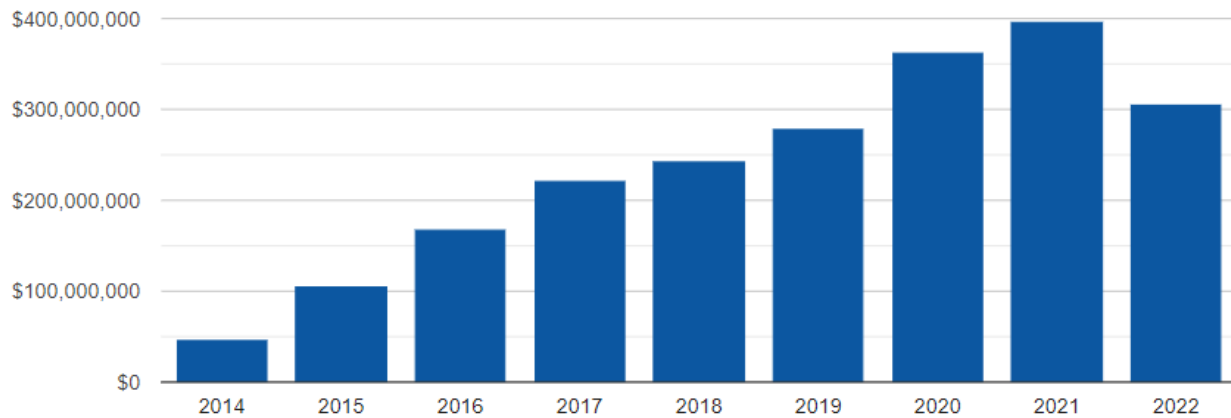
The figures do not count local sales tax revenues, which have been significant. The city of Denver, for example, applies its standard local sales tax of 4.81% and an additional 5.5% sales tax on adult-use cannabis and collected an estimated \$63.2 million in revenue in 2022.²

Year	State Tax Revenue from Adult-Use Cannabis³
2014	\$46,104,922
2015	\$104,759,961
2016	\$167,157,150
2017	\$220,688,951
2018	\$243,466,892
2019	\$279,155,047
2020	\$362,027,103
2021	\$396,157,005
2022	\$305,034,034
Total	\$2,124,551,065

² <https://www.denvergov.org/Government/Departments/Marijuana-Information-Office/Data-and-Statistics>

³ <https://cdor.colorado.gov/data-and-reports/marijuana-data/marijuana-tax-reports;>

Combined State Sales Tax Revenue from Adult-Use Cannabis (Colorado)



Washington (pop. 7.6 million) | Tax rate: 37% at retail; 6.5% sales tax

Washington’s voters also approved an adult-use measure in November 2012, and its first stores opened in July 2014. At the time, the state had an unregulated, arguably illegal, medical cannabis dispensary system, which was separate from the regulated adult-use program. This resulted in a slower ramp-up than in Colorado. Until July 2015, taxes were extremely high — 25% at three points of transfer — making it hard to compete with illegal sales. In 2015, the legislature changed the tax rate to 37% and created a medical endorsement program to which adult-use stores could apply to join.

Washington’s cannabis taxes are among the highest in the nation.⁴ Since sales began, the state has generated nearly \$3.5 billion in cannabis excise and sales taxes. In every fiscal year since 2019, state officials reported that revenue from the 37% cannabis retail tax outpaced alcohol tax revenue, despite the fact that many more adults consume alcohol than cannabis.⁵ For every \$1 billion in revenue collected from the cannabis sales tax, nearly \$600 million is funneled into public health initiatives, including a fund that provides health insurance for low-income families.⁶

Like Colorado, Washington saw steady annual growth in cannabis tax revenue until 2022. In 2021, the state generated over \$630 million in excise and sales taxes from cannabis. In 2022, those figures dropped to under \$530 million. As was the case with Colorado, Washington’s 2022 cannabis tax revenue exceeded pre-pandemic proceeds. 2022 brought in about 10% more tax revenue than 2019. The

⁴ Because states’ tax methods and prices differ, this changes as wholesale and retail prices change. For example, Alaska’s \$50/ounce tax would be higher than Washington’s 37% excise tax + standard 6.5% sales tax if average prices were below **\$114.94**/ounce in both states.

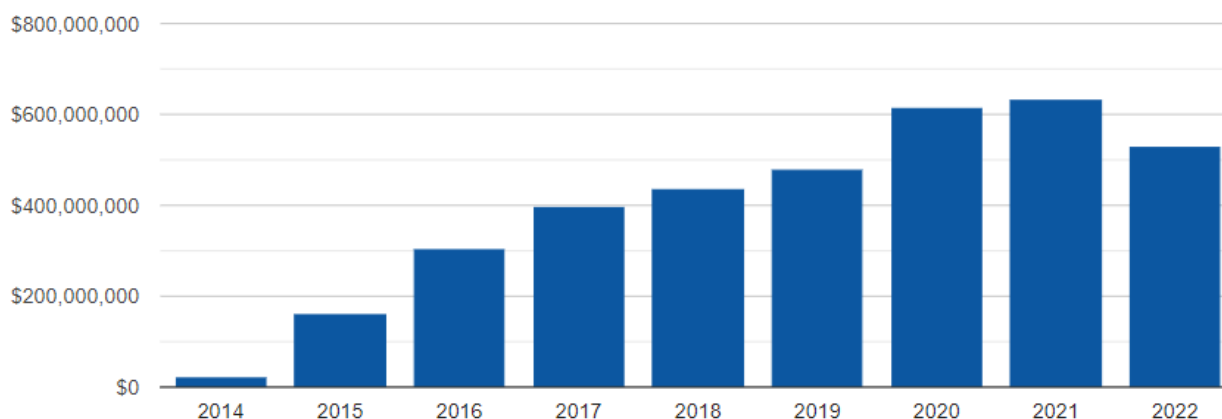
⁵ https://dor.wa.gov/sites/default/files/legacy/docs/reports/2020/Tax_Statistics_2020/Table1.pdf
<https://www.tre.wa.gov/portfolio-item/washington-state-marijuana-revenues-and-health/> (accessed Feb. 23, 2023)

⁶ <https://crosscut.com/news/2021/02/how-1-billion-pot-taxes-gets-spent-washington-state>

below chart shows annual excise and sales tax revenue in Washington state, by year. The below figures do not include local taxes, which totaled an estimated \$235 million from July 2014 through 2022.⁷

Year	State Tax Revenue from Adult-Use Cannabis ⁸
June – Dec. 2014	\$22,399,058
2015	\$159,451,910
2016	\$302,976,832
2017	\$397,358,420
2018	\$437,169,560
2019	\$477,310,790
2020	\$614,417,720
2021	\$630,863,570
2022	\$529,443,420
Total	\$3,571,391,280

Combined State Sales Tax Revenue from Adult-Use Cannabis (Washington)



⁷ <https://dor.wa.gov/about/statistics-reports/recreational-and-medical-marijuana-taxes>

⁸ Monthly excise tax data: <https://www.502data.com/> (for data prior to 2017); Monthly sales tax data and excise tax estimates based on sales volume provided here: <https://dor.wa.gov/about/statistics-reports/recreational-and-medical-marijuana-taxes>

Oregon (pop. 4.2 million) | Tax rate: 17% at retail

Oregon voters approved an initiative regulating cannabis for adult use in November 2014, and the state’s first adult-use stores opened in October 2016. In addition, the legislature allowed medical cannabis dispensaries to sell a limited amount of cannabis (five grams) to adults from October 2015 until December 31, 2016. Those sales were taxed at 25% beginning January 4, 2016. The state’s medical patients (about 0.4% of Oregon’s population and dropping) can buy cannabis tax-free from adult-use stores.

Of the cannabis-related tax revenue it collects, the state distributes 40% to public schools, 15% to law enforcement, and 25% to mental health and treatment programs.⁹

Like Colorado and Washington, Oregon saw its first annual decrease in cannabis tax revenues in 2022. Tax revenues in 2022 totalled \$150.3 million, the lowest annual revenue since 2019, as the below chart shows. Oregon’s revenue was also greater than all pre-COVID years — exceeding 2019 revenue by nearly 30%.

The below annual tax revenues do not include the 3% sales tax some localities impose. From February 2017 through 2022, the local taxes collected totaled \$118.9 million.¹⁰

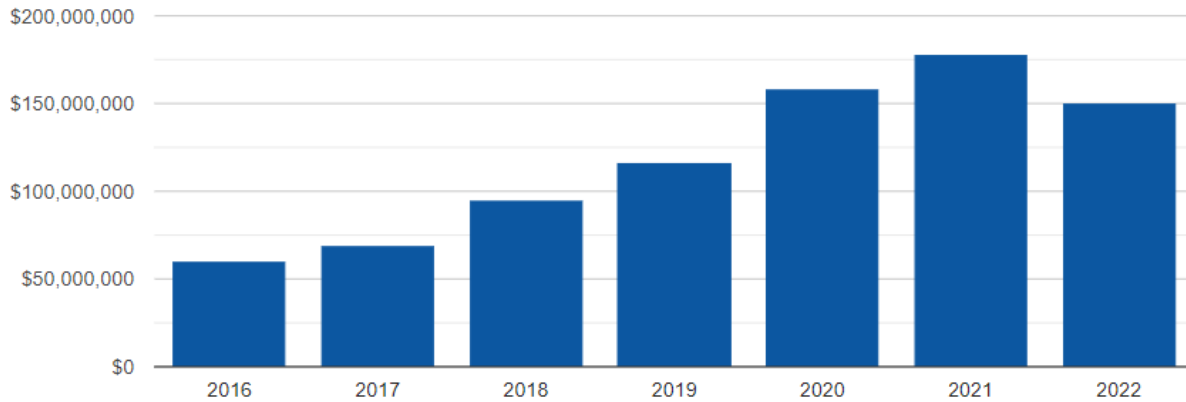
Year	State Tax Revenue from Adult-Use Cannabis¹¹
Feb. – Dec. 2016	\$60,154,432
2017	\$68,646,246
2018	\$94,226,985
2019	\$115,915,277
2020	\$158,336,274
2021	\$177,773,944
2022	\$150,316,424
Total	\$825,369,581

⁹ <https://www.oregon.gov/dor/programs/gov-research/Documents/Financial-reporting-distributions-public.pdf>

¹⁰ <https://www.oregon.gov/dor/programs/gov-research/Documents/Financial%20reporting%20receipts%20public.pdf>

¹¹ *Ibid.*

Combined State Sales Tax Revenue from Adult-Use Cannabis (Oregon)



Alaska (pop. 730,000) | Tax rate at wholesale: \$50/ounce for most flower; immature/abnormal flower \$25/ounce; trim: \$15/ounce; clones: \$1

Alaska voters approved an initiative to regulate cannabis for adult use in November 2014, and the first adult-use stores opened in October 2016.

A number of factors initially resulted in slower revenue generation than in some other states. The state’s medical cannabis program did not have dispensaries, meaning there were no cannabis businesses that could transition to adult-use cultivators and retailers. As a result of a limited supply, many stores closed for large stretches of January 2017 or operated with reduced hours.¹²

Since sales began, Alaska has collected more than \$128 million in cannabis excise tax revenue. Half of the revenue is invested in the Recidivism Reduction Fund and supports reentry programs for currently and formerly incarcerated individuals.¹³

Like the other more mature legal cannabis markets, Alaska experienced its first annual drop in cannabis tax revenue in 2022. However, the drop was far less than other mature states — perhaps because the tax is not based on a percent of a price and because Alaska’s only neighbor (Canada) also has a mature legalization law. In 2021, Alaska’s cannabis excise tax revenue totaled \$28.9 million. Revenues dipped by less than 1% to \$28.6 million in 2022. As with other mature markets, 2022 cannabis tax revenue was higher than all pre-COVID years. It came in 32% higher than 2019. Meanwhile, Gov. Mike Dunleavy has established a taskforce, which is considering whether to change the tax rate and method.

A September 2022 report by the Urban-Brookings Tax Policy Center found Alaska’s tax rate would be the highest in the nation if average cannabis prices were \$100/ounce. However, even with recent price

¹² Laurel Andrews, “Legal weed is hard to come by in Alaska,” *Alaska Dispatch News*, January 5, 2017.

¹³ <https://tax.alaska.gov/programs/programs/reports/Annual.aspx?60000&Year=2020>

drops, average prices are higher than \$100/ounce — significantly so in some states,¹⁴ so other states likely had higher effective tax rates than Alaska in 2022.

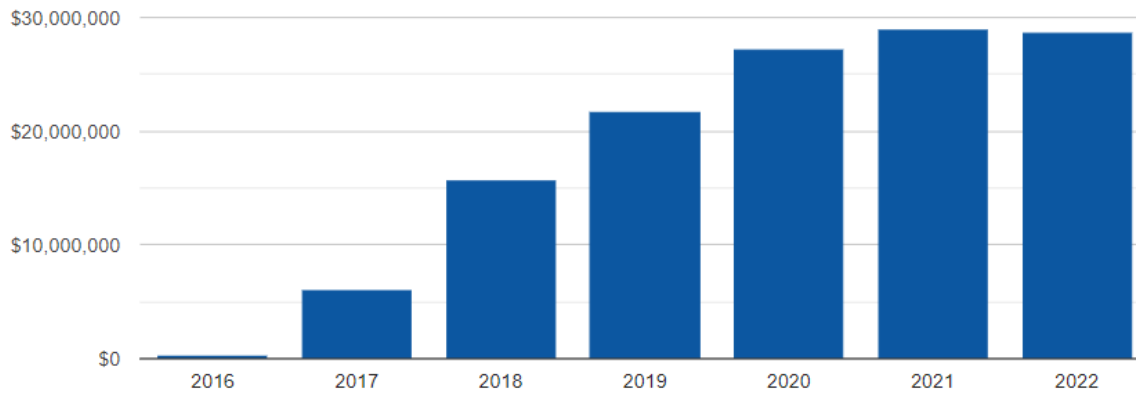
The below figures show Alaska’s year-by-year and total cannabis excise tax revenue. They do not include additional tax some localities impose.

Year	State Tax Revenue from Adult-Use Cannabis¹⁵
Oct. – Dec. 2016	\$232,696
2017	\$6,075,069
2018	\$15,697,268
2019	\$21,672,822
2020	\$27,205,435
2021	\$28,900,231
2022	\$28,650,355
Total	\$128,433,876

¹⁴Data from HeadCount, showed average equivalent prices of over \$100/ounce in all seven markets where they tracked data — Michigan, Washington, Oregon, California, Nevada, Colorado, and Massachusetts. Average prices in Massachusetts were \$275.84/ounce, while Nevada prices were \$200.81/ounce. Colorado and Washington were close to \$100, at \$100.66 in Colorado and \$110.31 in Washington.

¹⁵ <http://tax.alaska.gov/programs/programs/reports/index.aspx?60000>

Combined State Sales Tax Revenue from Adult-Use Cannabis (Alaska)



Nevada (pop. 3.1 million) | Tax rate: 15% wholesale, 10% special retail, 6.85% standard sales tax

Nevada voters approved an initiative regulating cannabis for adult use in November 2016. The first adult-use stores were expected to be licensed in 2018, but the legislature and governor allowed medical cannabis dispensaries to sell to adults beginning on July 1, 2017.

A substantial piece of the 15% wholesale tax paid by cannabis cultivators goes to local governments, while the remainder is deposited into the state’s Distributive School Account to fund public education. The 10% cannabis retail tax has added hundreds of millions of dollars to the state’s rainy day fund.

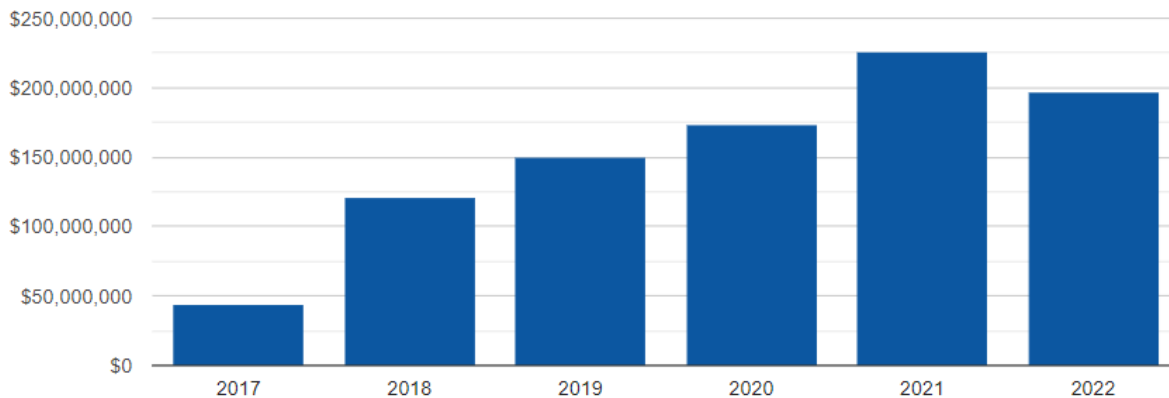
Like the other most mature markets, Nevada saw a decrease in its annual tax revenue in 2022 — generating 12% less than in 2021. The below chart includes annual totals for Nevada’s cannabis excise taxes. As with other legalization states, despite the drop compared to 2021, 2022 tax revenues remained stronger than any pre-COVID year. 2022’s adult-use cannabis taxes were 32% higher than 2019’s. The figures do not count standard local sales taxes. (Note: Earlier versions of this report also omitted standard state sales taxes from the figures. Those have been added, so prior year totals have been adjusted.)

Year	State Tax Revenue from Adult-Use Cannabis ¹⁶
July – Dec. 2017	\$43,766,296
2018	\$120,111,184
2019	\$149,696,435.51

¹⁶ https://tax.nv.gov/Publications/Cannabis_Statistics_and_Reports/

2020	\$172,493,138.11
2021	\$225,714,198.97
2022	\$196,952,338.14
Total	\$908,733,591

Combined State Sales Tax Revenue from Adult-Use Cannabis (Nevada)



California (pop. 39.5 million) | Tax rate: 15% excise tax; 7.25% standard sales tax

California voters approved an initiative regulating cannabis for adults' use in November 2016. The state's first adult-use stores began to open in January 2018, but transition from the state's unregulated, grey market medical cannabis providers to a licensed and regulated system has been more gradual and less complete than anticipated. The state's long history of illicit cannabis production, favorable growing conditions, and continued demand from prohibition states has also meant illegal cultivation remains prevalent. In addition, localities have been slow to establish regulations, which has delayed the transition and reduced revenue.

California's initial legalization law included a \$9.25 per ounce tax on flowers, in addition to the current taxes, but that was removed in July 2022. Lawmakers were concerned the legal market was having difficulties competing against unregulated, untaxed sales.

California brought in a total of just over \$1 billion in cannabis taxes in 2022, significantly lower than the nearly \$1.3 billion in 2021, and lower than the \$1.1 billion in 2020. Sales dropped by 8% last year, from

\$5.7 billion in 2021 to \$5.3 billion in 2022.¹⁷ In addition to the persisting illicit market and plummeting wholesale prices, extreme delays in local licensing have been cited as a cause for the decline.

As with every other mature market, however, California's 2022 tax revenue outpaced the years prior to the coronavirus pandemic.

The voter-approved legalization law directs a significant portion of its cannabis tax revenues to local nonprofit programs that benefit people adversely impacted by punitive drug laws. By April 2021, more than \$100 million had already been distributed to community groups.¹⁸ The state also invests large chunks of cannabis revenue into child care services and environmental programs.

The below figures do not include local sales and special taxes established by municipalities across the state, which raise an estimated \$85 million in additional tax dollars each year in the state.¹⁹

Year	State Tax Revenue from Adult-Use Cannabis²⁰
2018	\$397,343,905
2019	\$638,347,979
2020	\$1,110,476,931
2021	\$1,294,632,799
2022	\$1,074,560,287
Total	\$4,515,361,901

¹⁷ Lester Black, "'Warning signal': Calif. legal cannabis sales see unprecedented drop, SF Gate, Feb. 23, 2023.

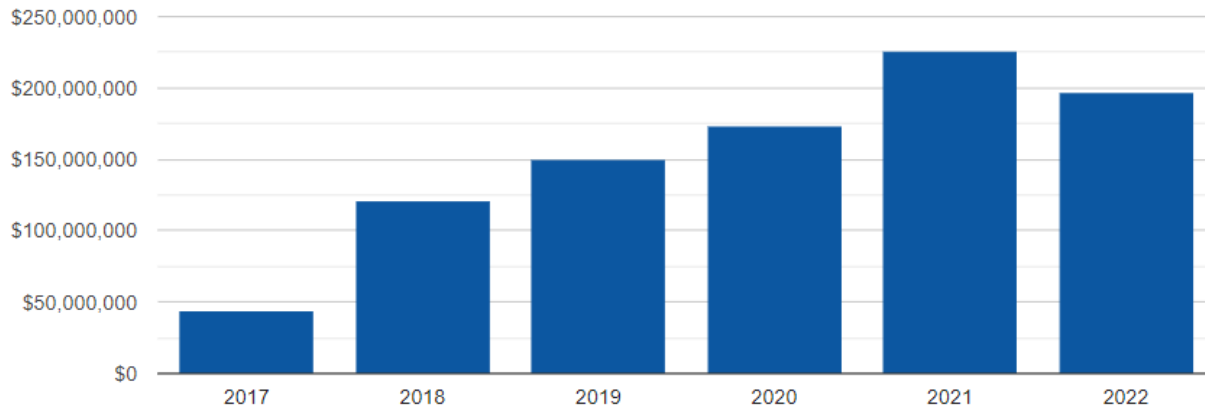
¹⁸ Jim Rendon, "Nonprofits gain funding from unusual source: Marijuana sales," *AP*, April 23, 2021.

¹⁹ <https://apnews.com/article/marijuana-business-california-recreational-marijuana-ae20c17fc439570783d6be602e2e4e6f>

¹⁹ https://www.youth-forward.org/uploads/9/8/8/6/98869028/youth_forward_cannabistaxreport_2020_rev060820.pdf

²⁰ <https://www.cdtfa.ca.gov/dataportal/dataset.htm?url=CannabisTaxRevenues>

Combined State Sales Tax Revenue from Adult-Use Cannabis (California)



Massachusetts (pop. 6.9 million) | Tax rate: 10.75% excise tax on sales; 6.25% standard sales tax

Massachusetts voters approved an initiative regulating cannabis for adults' use in November 2016. The first adult-use stores opened in November 2018.

Massachusetts is the oldest market where cannabis tax revenues increased in 2022. In 2022, the state collected 10% more in cannabis excise and cannabis-related sales taxes than in 2021.

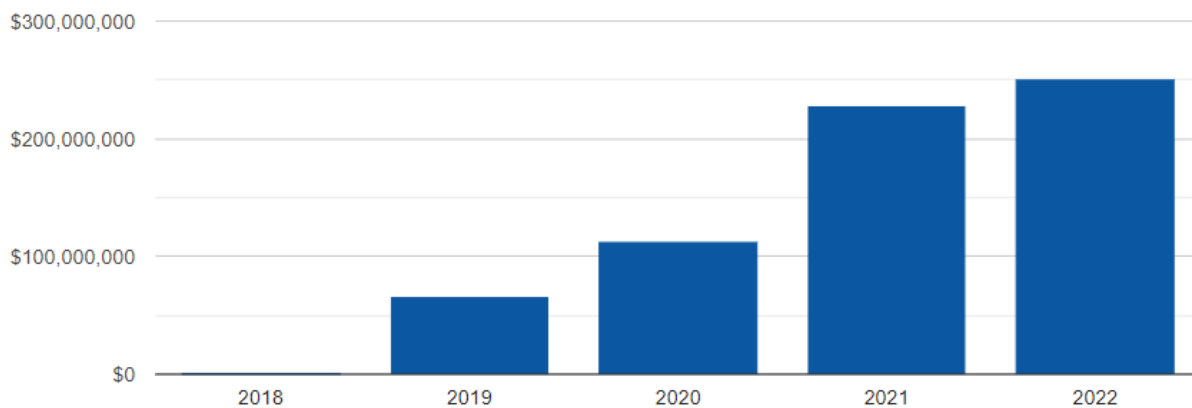
With adult-use cannabis tax revenue collected so far, the state has invested millions of dollars into public transportation and local governments.²¹

Massachusetts allows cities and towns to impose an additional sales tax up to 3%. Figures below do not include those totals. As of December 2022, local cannabis taxes provided an additional \$92.9 million in revenue to cities and towns in Massachusetts.

²¹ <https://www.masslive.com/marijuana/2020/08/heres-where-marijuana-tax-revenue-has-gone-in-massachusetts.html>

Year	State Tax Revenue from Adult-Use Cannabis ²²
Nov. – Dec. 2018	\$678,134
2019	\$66,243,027
2020	\$111,963,388
2021	\$227,474,843
2022	\$250,710,415.39
Total	\$657,069,807.72

Combined State Sales Tax Revenue from Adult-Use Cannabis (Massachusetts)



Michigan (pop. 10 million) | Tax rate: 10% excise tax on sales; 6% standard sales tax

Michigan voters approved an initiative to legalize and regulate cannabis for adults' use in November 2018. Sales began in December 2019, but localities have been slow to opt in and establish regulations, which delays the transition from the illicit market. The first adult-use licenses were issued in Detroit in December 2022.²³

As a newer market, with additional areas coming on board, Michigan saw increased tax revenues in 2022 — by more than 55% compared to 2021. Revenue is distributed as follows:

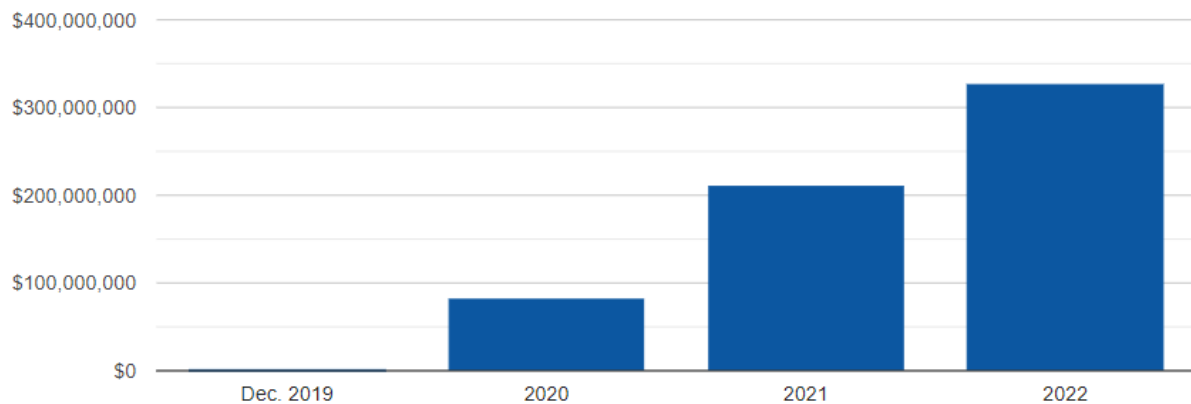
²² <https://cthru.data.socrata.com/dataset/Total-Tax-Revenue-Collections/me5t-fei2>

²³ <https://detroitmi.gov/news/city-announces-recipients-first-33-adult-use-marijuana-retail-licenses-under-revised-ordinance>

- 15% to municipalities that host one or more retail stores or microbusiness, in proportion to number in the municipality
- 15% to counties that host one or more retail stores or microbusiness, in proportion to number in the county
- 35% to the School Aid Fund for K-12 education
- 35% to the Michigan Transportation Fund for roads²⁴

Year	State Tax Revenue from Adult-Use Cannabis²⁵
Dec. 2019	\$1,118,289
2020	\$81,705,350
2021	\$209,912,278
2022	\$326,049,074.16
Total	\$618,784,991.34

Combined State Sales Tax Revenue from Adult-Use Cannabis (Michigan)



²⁴ <https://www.michigan.gov/treasury/local/share/marijuana/adult-use>

²⁵ https://www.michigan.gov/lara/0,4601,7-154-89334_79571_93032-497635--,00.html

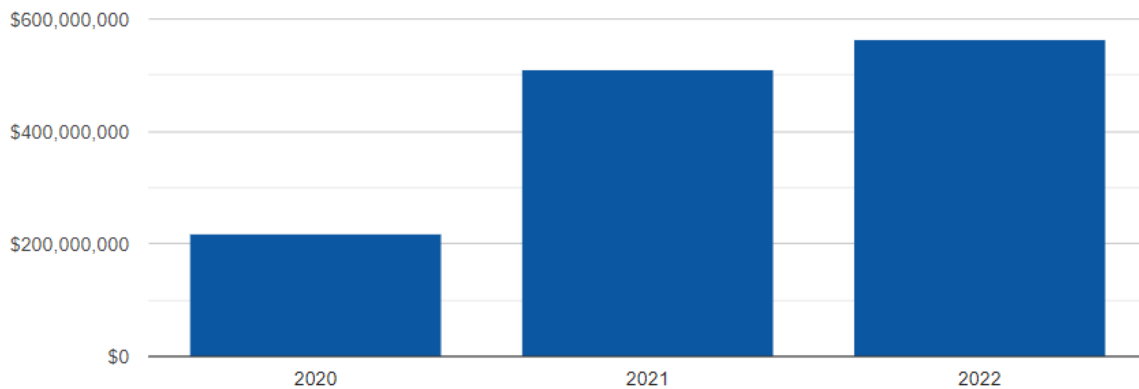
Illinois (pop. 12.7 million) | Tax rate: 7% at wholesale; from 10-25% at retail, depending on potency; 6.25% standard sales tax

On June 25, 2019, Gov. J.B. Pritzker signed HB 1438 into law, legalizing and regulating cannabis for adults' use. Sales from existing medical cannabis businesses began on January 1, 2020.

Illinois' law puts a strong emphasis on social equity and repairing harms caused by enforcement of laws that criminalized cannabis. In addition to investing 20% of adult-use cannabis tax revenue into mental health services, the state directs 25% of the funds to the Recover, Reinvest, and Renew Program, which supports local organizations in developing programs that benefit disadvantaged communities.

Year	State Tax Revenue from Adult-Use Cannabis ²⁶
2020	\$216,525,000
2021	\$509,358,442
2022	\$562,119,019
Total	\$1,288,002,461

Combined State Sales Tax Revenue from Adult-Use Cannabis (Illinois)



²⁶ See the "Cannabis" tab of the reports linked on this webpage for the cultivation and retail excise taxes: <https://tax.illinois.gov/research/taxstats/collectionscomptroller.html> Sales taxes are calculated based on total sales by month, https://idfpr.illinois.gov/Forms/AUC/IDFPR%20monthly%20adult%20use%20cannabis%20sales_8_3_22.pdf and <https://illinoisnewsjoint.com/illinois-plateaued-monthly-cannabis-sales-continue/#:~:text=Illinois%20Department%20of%20Financial%20and,million%20range%20since%20March%202022.>

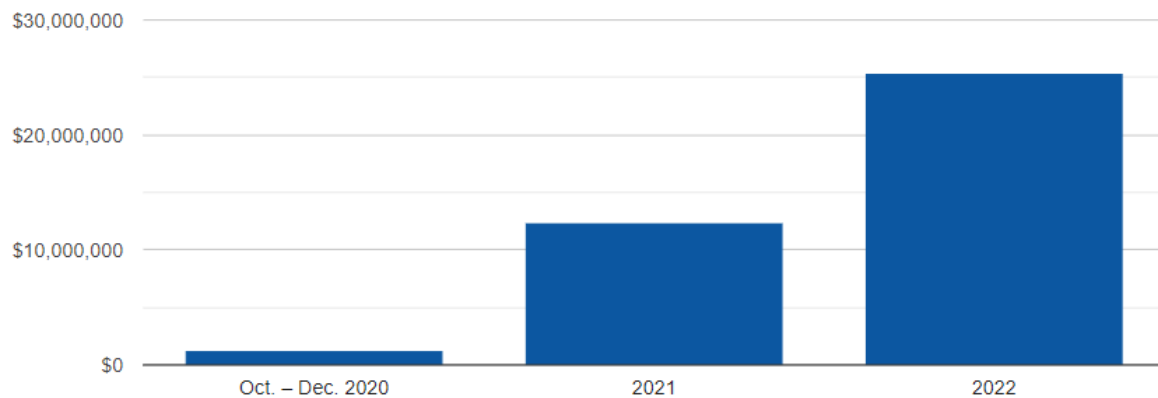
Maine (pop. 1.3 million) | Tax rate: Wholesale tax of \$335 per pound of flower with lower rates for trim and seedlings; 10% sales tax

Maine voters approved an initiative regulating cannabis for adults' use in November 2016, but sales did not begin until October 9, 2020. In Maine's second full year of cannabis sales, 2022, the state generated more than double the cannabis tax revenue it did the year prior — \$25.3 million in 2022, compared to \$12.4 million in 2021.

The state's legalization law divides cannabis tax revenue into two funds, one to support public health initiatives and the other for public safety and law enforcement training.

Year	State Tax Revenue from Adult-Use Cannabis²⁷
Oct. – Dec. 2020	\$1,156,878
2021	\$12,362,622
. 2022	\$25,329,534
Total	\$38,849,034

Combined State Sales Tax Revenue from Adult-Use Cannabis (Maine)



²⁷ Email correspondence dated January 3, 2022 and December 16, 2022 with David Gunter of Maine Revenue Services.

Arizona (pop. 7.3 million) | Tax rate: 16% excise tax on sales; 5.6% standard transaction privilege tax
Arizona voters approved an initiative regulating cannabis for adults' use on November 3, 2020. Sales from existing medical cannabis businesses began on January 21, 2021.

In its second year of legal sales, Arizona brought in nearly \$224 million in cannabis excise taxes and transaction privilege taxes on adult-use cannabis. After regulatory and enforcement costs are paid, Arizona's law distributes a third of the cannabis tax revenue to community colleges, along with 10% to public health and criminal justice programs.²⁸

Year	State Tax Revenue from Adult-Use Cannabis²⁹
2021	\$153,824,757
2022	\$223,863,799
Total	\$377,688,556

Montana (pop. 1.1 million) | Tax rate: 20% excise tax on sales

Montana voters approved an initiative regulating cannabis for adults' use on November 3, 2020. Sales began in January 2022.

In its first full year of sales, Montana has generated nearly \$42 million in cannabis excise taxes. State law directs that revenue to substance abuse recovery programs, conservation efforts, and services for veterans and their families.,

Year	State Tax Revenue from Adult-Use Cannabis³⁰
2022	\$41,989,466
Total	\$41,989,466

²⁸ <https://www.azleg.gov/jlbc/20nov1-23-2020fn730.pdf>

²⁹ <https://azdor.gov/reports-statistics-and-legal-research/marijuana-tax-collection>

³⁰ <https://mtrevenue.gov/cannabis-sales-reports/>

New Mexico (pop. 2.1 million) | Tax rate: 12% retail excise until July 1, 2025, which then increases by one percentage point per year, maxing out at 18% on July 1, 2030; 5.125% to 8.6875% gross receipts tax (which varies depending on the location in the state)

New Mexico’s Cannabis Regulation Act legalizes and regulates cannabis for adults 21 and older. It passed the legislature on March 31, 2021 during a special session called for that purpose by Gov. Michelle Lujan Grisham. Gov. Grisham signed the bill on April 12, 2021. Sales began on April 2, 2022. In its first eight months of legal adult-use sales, New Mexico has generated \$36.7 million in tax revenue. Much of the cannabis excise tax revenue goes to the municipal governments where sales take place.

Year	State Tax Revenue from Adult-Use Cannabis³¹
April – Dec. 2022	\$36,684,235
Total	\$36,684,235

New Jersey (pop. 8.9 million) | Tax rate: 6.625% standard sales tax, 1-2% local option taxes; fluctuating excise fee based on average sale price.

On November 3, 2020, more than two-thirds of New Jersey voters approved a constitutional amendment directing the legislature and the Cannabis Regulatory Commission to regulate cannabis for adults’ use. .

In March 2021, lawmakers approved twin bills to implement the amendment. In addition to the standard sales taxes and local cannabis taxes, New Jersey’s law imposes social equity excise fees (SEEF) on sales from cultivators, which regulators can adjust each year. The cultivation excise fees started at one-third of one percent of average retail sales prices. Beginning nine months after adult-use sales begin, and every year thereafter, the Cannabis Regulatory Commission can revise the fees, with fees increasing as the average retail price of cannabis drops. The Commission can levy excise fees at the following rates:

- up to \$10 per ounce when average retail prices per ounce are \$350 or higher;
- up to \$30 per ounce when average retail prices per ounce are at least \$250 but less than \$350;
- up to \$40 per ounce when average retail prices per ounce are at least \$200 but less than \$250; and
- up to \$60 per ounce when average retail prices drop below \$200 per ounce.

Sales began on April 21, 2022.

The SEEF is very low now, while the price of cannabis flower is the highest in the nation.³² As of August 2022, New Jersey retail prices averaged \$453 per ounce of flower. The SEEF was \$1.10 per ounce in 2022. It increased to \$1.52 per ounce starting on January 1, 2023.

³¹ Sales data available at: <https://qimw5q0w5j.execute-api.us-west-2.amazonaws.com/prod/default.html> (multiplied by tax rates)

³²<https://www.app.com/story/news/local/new-jersey/marijuana/2022/12/22/nj-legal-weed-recreational-marijuana-dispensaries-taxes/69747010007/>

Taxes from New Jersey’s legal cannabis market largely support goals to promote social equity. The law requires 70% of cannabis revenues to provide economic assistance and services to “impact zones,” which are areas of the state disproportionately affected by prior enforcement of cannabis criminalization laws.

Year	Tax Revenue from Adult-Use Cannabis³³ (does not include SEEF fees)
April – Dec. 2022	\$20,139,655
Total	\$20,139,655

Vermont (pop. 620,000) | Tax rate: 14% excise tax on sales; 6% standard sales tax

On October 7, 2020, Gov. Phil Scott (R) allowed S. 54 to go into law without his signature. The law legalizes, regulates, and taxes cannabis sales for adults’ use. The legislature and governor had legalized personal possession and cultivation only in 2018. Regulated sales began on October 1, 2022. In the first three months of legal sales, the small state generated \$2.36 million in cannabis excise taxes and sales taxes on adult-use cannabis. Vermont’s law requires that cannabis tax revenue be “used to fund a grant program to start or expand afterschool and summer learning programs, with a focus on increasing access in underserved areas.”³⁴

Year	State Tax Revenue from Adult-Use Cannabis³⁵
Oct.- Dec. 2022	approximately \$2,363,000
Total	approximately \$2,363,000

Rhode Island (pop. 1 million) Tax rate: 10% excise, 3% local sales tax, 7% standard sales tax

On May 25, 2022, Gov. Dan McKee signed the Rhode Island Cannabis Act into law, legalizing and regulating cannabis for adults 21 and older. Sales began on December 1, 2022.

Cannabis excise tax revenue is deposited into a restricted receipt account within the state’s general fund. It can be used to support program administration; revenue collection and enforcement; substance use disorder prevention for adults and youth; education and public awareness campaigns, including

³³ <https://newjerseymonitor.com/briefs/n-j-is-sparking-up-bringing-in-millions-in-tax-revenue-from-cannabis/>
<https://www.app.com/story/news/local/new-jersey/marijuana/2022/12/22/nj-legal-weed-recreational-marijuana-dispensaries-taxes/69747010007/>

³⁴ See: Adam Sullivan, "Cannabis tax revenue growing in Vermont" WCAX 3, Feb. 20, 2023
<https://www.wcax.com/2023/02/20/cannabis-tax-revenue-growing-vermont/> (excise tax figures are included in it, sales tax are calculated from those figures)

³⁵ See: Adam Sullivan, "Cannabis tax revenue growing in Vermont" WCAX 3, Feb. 20, 2023
<https://www.wcax.com/2023/02/20/cannabis-tax-revenue-growing-vermont/> (excise tax figures are included in it, sales tax are calculated from those figures)

awareness campaigns relating to driving under the influence of cannabis; treatment and recovery support services; public health monitoring, research, data collection, and surveillance; and law enforcement training and technology improvements, including grants to local law enforcement.

Year	State Tax Revenue from Adult-Use Cannabis³⁶
Dec. 2022	approximately: \$579,439
Total	approximately: \$579,439

New York (pop. 19.5 million) | Tax rate: 9% cannabis sales tax; 4% local sales tax; for distributors, a potency tax on THC of \$0.005/mg for flower, \$0.008/mg for concentrates, and \$0.03/mg for edibles

On March 31, 2021, then-Gov. Andrew Cuomo signed legislation (S.854-A/A.1248-A) legalizing and regulating cannabis for adults in New York. Sales began at a single location on December 29, 2022. Additional retailers opened in 2023. We do not have tax revenue information for the three days in 2022 that New York had legal cannabis sales.

After regulatory and administrative costs, 40% of cannabis revenue will go to community reinvestment grants, 20% will go to public schools, and 40% will support drug treatment and public health programs.

Connecticut (pop. 3.6 million) | Tax rate: THC-based excise tax: \$0.00625 per milligram of THC in flower cannabis; \$0.0275/mg of THC in edibles; \$0.009/mg of THC in other cannabis products; 6.35% standard sales tax; 3% tax to the municipality where the sales occurred

On June 22, 2021, Gov. Ned Lamont signed S.B. 1201 — “An Act Concerning the Equitable and Responsible Regulation of Cannabis” — into law, after it passed the Connecticut House and Senate.

Starting on July 1, 2023 and thereafter, 25% of the excise tax goes to the Prevention and Recovery Services Fund. From July 1, 2023 until June 30, 2026, 60% of the excise tax will go to the Social Equity and Innovation Fund. On July 1, 2026, that would increase to 65%. Beginning on July 1, 2028, it would increase again and would remain at 75%.

The 3% tax that goes to municipalities must be used for one of five specific purposes, such as re-entry services, mental health or addiction services, youth services bureaus, and streetscape improvements near

³⁶ "Industry Overview Dec '22;" Office of Cannabis Regulation. (multiplying recreational sales by 17%) <https://dbr.ri.gov/office-cannabis-regulation/data>

cannabis retailers.

Sales began on January 10, 2023, so there is no tax data from 2022.

Missouri (pop. 6.2 million) Tax rate: 6% excise tax on sales; standard 4.225% state sales tax; and local taxes

Missouri voters approved an initiative regulating cannabis for adults' use on November 8, 2022. Sales from existing medical cannabis businesses began on February 6, 2023.

After retaining no more than 2% of tax revenues, the Department of Revenue deposits the remainder into the "Veterans, Health, and Community Reinvestment Fund." The fund initially covers any additional implementation costs, including the expungement of past cannabis convictions. The remainder is split evenly between three categories: veterans services, community grants related to treating substance use disorder and preventing drug overdose deaths, and the public defender system.

Because cannabis sales began in 2023, there was no adult-use cannabis tax revenue in 2022.

Virginia (pop. 8.5 million) | Tax rate: TBD

On April 7, 2021, the Virginia General Assembly voted to approve amendments proposed by Gov. Ralph Northam that made the adult-use legalization law take effect on July 1, 2021. However, most of the provisions related to legal sales — including licensing and taxation provisions — required reenactment by the next legislature to take effect. In November 2021, the House and governorship changed hands. While the Democratic-controlled Senate passed an implementation bill again, the House killed the bills.

As of February 2023, Virginia has only partial legalization, with no legal sales or regulation. Home cultivation and personal possession is allowed.

Delaware (pop. 1 million) Tax rate: 15% excise tax on sales

On April 22 and April 26, 2023, Gov. John Carney (D) allowed companion legalization bills — HB 1 and HB 2 — to become law without his signature. Cannabis business licenses are anticipated in 2025. Cannabis will be taxed at 15% at the point of retail sales to consumers. Seven percent of the proceeds are allocated to a Justice Reinvestment Fund, while the remainder will be deposited in the General Fund.

Maryland (pop. 6.2 million) Tax rate expected to be 9% at point of sale

On November 8, 2022, Maryland voters overwhelmingly approved a legislatively referred ballot measure to legalize adults' possession of cannabis. The legislature and governor enacted a companion piece of legislation — HB 837 — which envisions legal sales, but does not establish them. In April 2023, the Maryland General Assembly passed twin bills (HB 556 and SB 516) to legalize, regulate, and tax cannabis sales beginning on July 1, 2023. Gov. Wes Moore (D) has said he plans to sign the bills into law.

HB 556 and SB 516 establish a 9% tax on retail sales. After administrative costs, tax revenue would be distributed to a Community Reinvestment and Repair Fund (35%, until fiscal year 2033), and five percent would be distributed to each a Cannabis Business Assistance Fund (until 2028) to counties (with half going to municipalities), and the Cannabis Public Health Fund. The remainder would go to the General Fund.

Sales from existing medical dispensaries will begin on July 1, 2023.

Adult-Use Cannabis Tax Revenue — All States

Year	States' Cannabis Tax Revenue
2014	\$68,503,980
2015	\$264,211,871
2016	\$530,521,110
2017	\$736,534,982
2018	\$1,308,693,928
2019	\$1,749,459,667
2020	\$2,856,307,217
2021	\$3,866,974,690
2022	\$3,774,783,548
Total	\$15,155,990,992