



Breakdown of Taxes in Adult-Use States

States have taken a variety of approaches to legalizing, regulating, and taxing cannabis — including the method and rate of taxation. On the high end of the tax burden are Alaska and Washington state. In Washington, the total tax on retail sales can be as high as 47.4% with local taxes factored in. Meanwhile, Alaska imposes a \$50/ounce tax on cultivation, meaning the effective tax rate goes up as prices drop. If prices drop to \$100/ounce at retail, it would amount to an effective tax burden of 50%. Some states, including California, have decreased their tax burden as legal businesses found it difficult to compete with illicit, unregulated sales.

Newer legalization states are increasingly focusing on displacing the illicit market and are typically imposing lower tax burdens at the point of retail sales, while exempting medical cannabis. In Delaware, Maryland, Minnesota, and Ohio, which all passed in 2023 — taxes are imposed at retail and range from 9% total in Maryland to 16% total in Ohio.

State	Wholesale Excise Tax Rate	Retail Excise Tax Rate	Standard Sales Tax (if sales tax applies to cannabis)	Local Sales Tax Rates	Applicable to Medical?
Alaska	Flower: \$50/oz (\$25/oz. for abnormal bud) Trim: \$15/oz	N/A	N/A	Some local cannabis-specific taxes	N/A — Medical law does not include sales.
Arizona	N/A	16%	5.6% Transaction Privilege Tax	Yes. Varies and can be up to 5.6%.	No, but the 5.6% tax applies to medical, plus optional 2-3% local tax
California	N/A	15%	7.25%	Standard local taxes of up to 3%; some local cannabis-specific taxes	Partially, the 15% retail excise tax applies. Sales taxes do not apply to registered patients.

Colorado	15%	15%	N/A	Standard local taxes of up to 6%; some local cannabis-specific taxes	Registered patients are exempt from 15% retail excise tax, but most pay 2.9% standard sales tax
Conn.	N/A	Flower: \$0.00625/mg THC Edibles: \$0.0275/mg THC Other products: \$0.009/mg THC	6.35%	3% payable to locality for specific purposes	No, medical cannabis is not taxed
Delaware	N/A	15%	N/A	N/A	No, medical cannabis is not taxed
Illinois	7%	Flower: 10% Most Products: 20% ≥35% THC: 25%	6.35%	Up to 3.5%	Medical is taxed at a 7% cultivation tax and a 1% pharmaceutical tax.
Maine	Flower or mature plants: \$335/lb Trim: \$94/lb Immature plants or seedling: \$1.50 Seed: \$0.30	10%	N/A	N/A	Medical sales are taxed at a lower rate —5.5% for flower, 8% for edibles
Maryland	N/A	9%	N/A	N/A	No, medical cannabis is not taxed
Mass.	N/A	10.75%	6.25%	Local cannabis-specific taxes of up to 3%	No, medical cannabis is not taxed
Michigan	N/A	10%	6%	N/A	Medical has a lower rate: 3% excise sales tax plus 6% standard sales tax.

Minn.	N/A	10% initially	6.875%	Standard local taxes of up to 2%	No, medical cannabis is not taxed
Missouri	N/A	6%	4.225%	Standard local taxes of up to 5.76%	Medical sales are taxed at 4% at retail
Montana	N/A	20%	N/A	N/A	No. Medical providers pay a 4% tax on gross cannabis sales.
Nevada	15% of fair market value	10%	6.85%	Standard local taxes of up to 1.25%	Medical has a lower rate: 15% at wholesale, with the 10% retail tax waived.
New Jersey	Increases as prices drop: starts at 1.3 of 1% of average retail prices and can increase to \$60/oz when retail prices are below \$200/oz	N/A	6.625%	Up to 2% on each transfer (grower to processor, processor to retailer, and retailer to customer)	No, medical cannabis is not taxed
New Mexico	N/A	12% until July 2025; increases, maxing out at 18% in 2030	Gross receipts: 5.125% to 8.6875%, depending on location	Gross receipts: varies by location	No. Medical was taxed pre-adult-use legalization but is will longer be taxed.
New York	On distributors: flower: \$0.005/mg THC; edibles: \$0.03/mg THC; \$0.008/mg THC concentrates	8%	N/A	4%	No. Adult-use tax does not apply to medical, but medical is subject to a 7% excise tax on gross receipts.
Ohio	N/A	10%	5.75%	Up to 2.25%	Medical sales are taxed at a lower rate. Only the standard sales tax of 5.75% applies

Oregon	N/A	17%	N/A	Standard local taxes of up to 3%; some local cannabis-specific taxes	No, medical cannabis is not taxed
Rhode Island	N/A	10%	7%	3%	No, standard sales tax and 4% medical cannabis tax apply.
Vermont	N/A	14%	6%	N/A	No, medical cannabis is not taxed
Wash.	N/A	37%	6.5%	Standard local taxes of up to 3.9%	Partially. Patients with medical cards are exempt from standard sales tax.