

Pennsylvania Cannabis Tax Projections



At a time of fiscal uncertainty due to expected federal funding cuts and budget challenges due to projected declining state revenues, Pennsylvania is missing out on hundreds of millions of annual tax proceeds, which is flowing into its neighbors' coffers. Fifty-four percent of Americans live in states where cannabis is legal for adults, including five of Pennsylvania's six neighboring states. Collectively, legalization states have generated nearly \$25 billion in adult-use sales and excise taxes, including over \$4.4 billion in 2024.¹

Based on projections from Arizona, Maryland, and Michigan,² and assuming 16% in total taxes at retail, the Marijuana Policy Project anticipates that Pennsylvania would generate between \$105 and \$236 million in tax revenue in its first year of legal cannabis sales and between \$320 and \$610 million by year four. In its first four years of legal sales, Pennsylvania can anticipate \$1 to 1.4 billion in adult-use cannabis tax revenue.

Sales Year	Maryland Revenue 9% retail tax	Adjusted to PA's Population	Adjusted to a 16% Retail Tax
Year 1 (7/23- 6/24)	\$63,762,873	\$133,165,955	\$236,739,476

Sales Year	Michigan Revenue 16% retail tax (excise + sales)	Adjusted to PA's Population
Year 1	\$81,705,350	\$105,395,067
Year 2	\$209,912,278	\$270,774,418
Year 3	\$326,049,074	\$420,584,013
Year 4	\$473,303,560	\$610,533,586
Year 5	\$523,552,765	\$675,352,087
Total	\$1,614,523,027	\$2,082,639,171

Sales Year	Arizona Revenue 21.6% at retail (excise + TPT tax)	Adjusted to PA's Population and a 16% tax
Year 1	\$153,824,757	\$196,569,636
Year 2	\$223,863,799	\$286,071,152
Year 3	\$257,926,777	\$329,599,563
Year 4	\$253,061,173	\$323,381,903
Total	\$888,676,506	\$1,135,622,253

¹ "Cannabis Tax Revenue in States that Regulate Cannabis for Adult Use," Marijuana Policy Project.

² Arizona, Maryland, and Michigan allowed existing medical businesses to convert to dual use, while also licensing additional businesses. Michigan's law passed in November 2018, and sales began 13 months later. Arizona's law passed in November 2020 and sales began less than four months later. Maryland sales began seven months after voters approved a legislatively-referred ballot measure legalizing possession and under two months after its implementation law passed.