



# Revenue Projections for Connecticut's S.B. 1118 — Equitable Cannabis Legalization



The Marijuana Policy Project and the Connecticut Coalition to Regulate Marijuana support legalizing and regulating cannabis because we believe adults shouldn't be punished for using a plant that is safer than alcohol. We also believe regulation and education — not prohibition — protects consumers, workers, and the environment.

While the economic benefits aren't our driving reason for supporting legalization, we recognize that hundreds in millions of dollars in revenue from cannabis taxes can have life-changing impacts, including by allowing people who desperately need substance abuse treatment to get the help they need and uplifting communities that are struggling due to racism, poverty, and unequal enforcement of drug laws.

We've calculated revenue projections that Connecticut might anticipate if S.B. 1118 is enacted. To do so, we adjusted Colorado's annual sales figures and the volume of various types of products sold for Connecticut's population. We used Colorado's data on potency and adjusted downward due to S.B. 1118's potency cap. Our estimates illustrate how much revenue Connecticut may expect, but actual revenues could be higher or lower depending on a number of factors, including how quickly Connecticut and its neighbors implement.

In all, we estimate Connecticut will generate more than \$1.1 billion in state and local tax revenue over the first seven years of legalization. Starting in the fiscal year starting in July 2026, we project the total cannabis tax revenue to exceed \$215 million per year. Over the first seven years, we anticipate more than \$480 million in funding for the Social Equity and Innovation Fund and more than \$180 million for substance abuse treatment and prevention. Starting in the fiscal year starting in July 2026, we project more than \$97 million per year for the Social Equity and Innovation Fund and more than \$37 million annually for substance abuse prevention and treatment.

## Connecticut Cannabis Tax Projections

| Year Starting | Total Potency-Based Excise Tax | Sales Tax<br>6.35% | Local Tax<br>3% | Total State & Local Taxes |
|---------------|--------------------------------|--------------------|-----------------|---------------------------|
| July 2022     | \$21,768,367                   | \$11,294,249       | \$5,335,866     | \$38,398,482              |
| July 2023     | \$51,307,050                   | \$21,055,700       | \$9,947,575     | \$82,310,324              |
| July 2024     | \$79,621,430                   | \$31,041,371       | \$14,665,215    | \$125,328,016             |
| July 2025     | \$115,877,639                  | \$39,440,670       | \$18,633,388    | \$173,951,697             |
| July 2026     | \$150,201,278                  | \$44,575,149       | \$21,059,126    | \$215,835,553             |
| July 2027     | \$151,634,781                  | \$51,963,564       | \$24,549,715    | \$228,148,060             |
| July 2028     | \$185,987,484                  | \$63,735,856       | \$30,111,428    | \$279,834,767             |
| <b>Totals</b> | \$756,398,028                  | \$263,106,559      | \$124,302,311   | \$1,143,806,898           |

### Estimated Cannabis Excise Tax Revenue Allocations

| <b>Year Starting</b> | <b>Total Potency-Based Excise Tax</b> | <b>Social Equity &amp; Innovation Fund</b> | <b>SE &amp; I %</b> | <b>Substance Abuse Treatment &amp; Prevention Fund</b> | <b>SA %</b> | <b>General Fund</b> | <b>GF %</b> |
|----------------------|---------------------------------------|--|---------------------|--|-------------|---------------------|-------------|
| July 2022            | \$21,768,367                          | \$0  | 0%                  | \$0  | 0%          | \$21,768,367        | 100%        |
| July 2023            | \$51,307,050                          | \$30,784,230                               | 60%                 | \$12,826,763   | 25%         | \$7,696,058         | 15%         |
| July 2024            | \$79,621,430                          | \$47,772,858                               | 60%                 | \$19,905,357   | 25%         | \$11,943,214        | 15%         |
| July 2025            | \$115,877,639                         | \$69,526,583                               | 60%                 | \$28,969,410   | 25%         | \$17,381,646        | 15%         |
| July 2026            | \$150,201,278                         | \$97,630,830                               | 65%                 | \$37,550,319   | 25%         | \$15,020,128        | 10%         |
| July 2027            | \$151,634,781                         | \$98,562,607                               | 65%                 | \$37,908,695   | 25%         | \$15,163,478        | 10%         |
| July 2028            | \$185,987,484                         | \$139,490,613                              | 70%                 | \$46,496,871   | 25%         | \$0                 | 0%          |
|                      |                                       |  |                     |  |             |                     |             |
| <b>Totals</b>        | \$756,398,028                         | \$483,767,722                              |                     | \$183,657,415  |             | \$88,972,891        |             |