



# **Marijuana Taxes (HB 119)**

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**House Finance Committee  
March 19th, 2024**

# Background and Context



## Marijuana Tax Facts

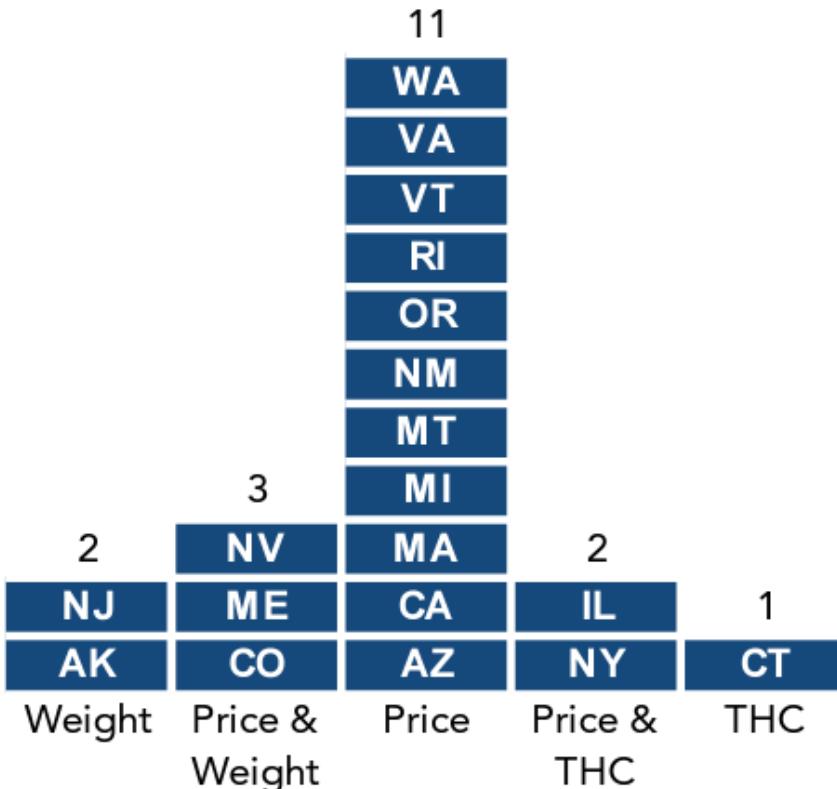
- 24 States have legalized recreational marijuana as of November 14<sup>th</sup>. Medical marijuana is legal in 38 states
  - Majority of states have price-based taxes
- State taxes currently vary based on category of plant product transferred from cultivators to retailers; local government taxes vary
  - \$50/oz Bud
  - \$25/oz Immature/Seedy/Malformed
  - \$15/oz Trim
- CS for HB 119 (L&C) proposes a \$12.50/oz tax ceiling for the transfer of all categories of plants (excluding live clones) for ~18 months and a 6% sales tax based on value

# Marijuana Taxes by Type

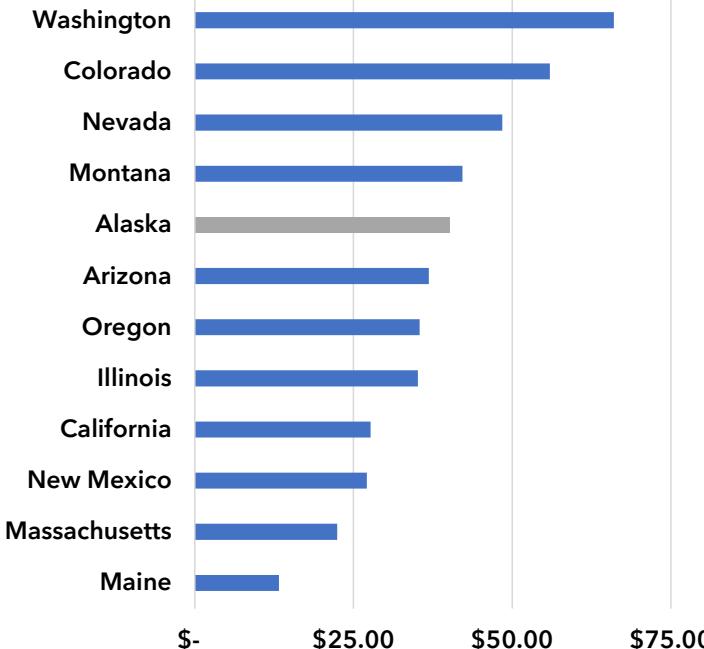


## State Governments Using Each Type of Cannabis Tax

Local cannabis excise taxes are not included



## Per Capita Tax Revenue



Source: State government websites.

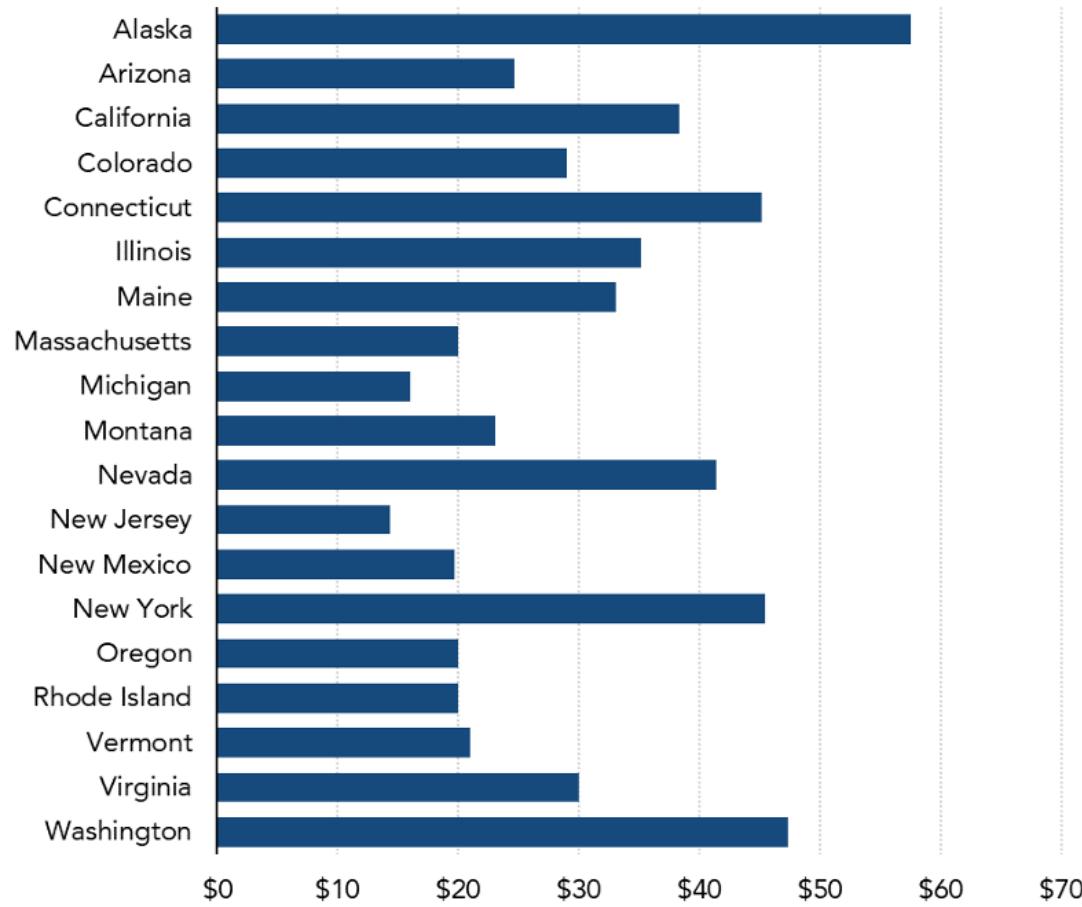
Note: Connecticut, New York, Rhode Island, Vermont, and Virginia have enacted taxes but have not yet begun taxable sales.

# Marijuana Taxes by Type



## Total Tax Paid on the Hypothetical Purchase of an Ounce of Cannabis Flower

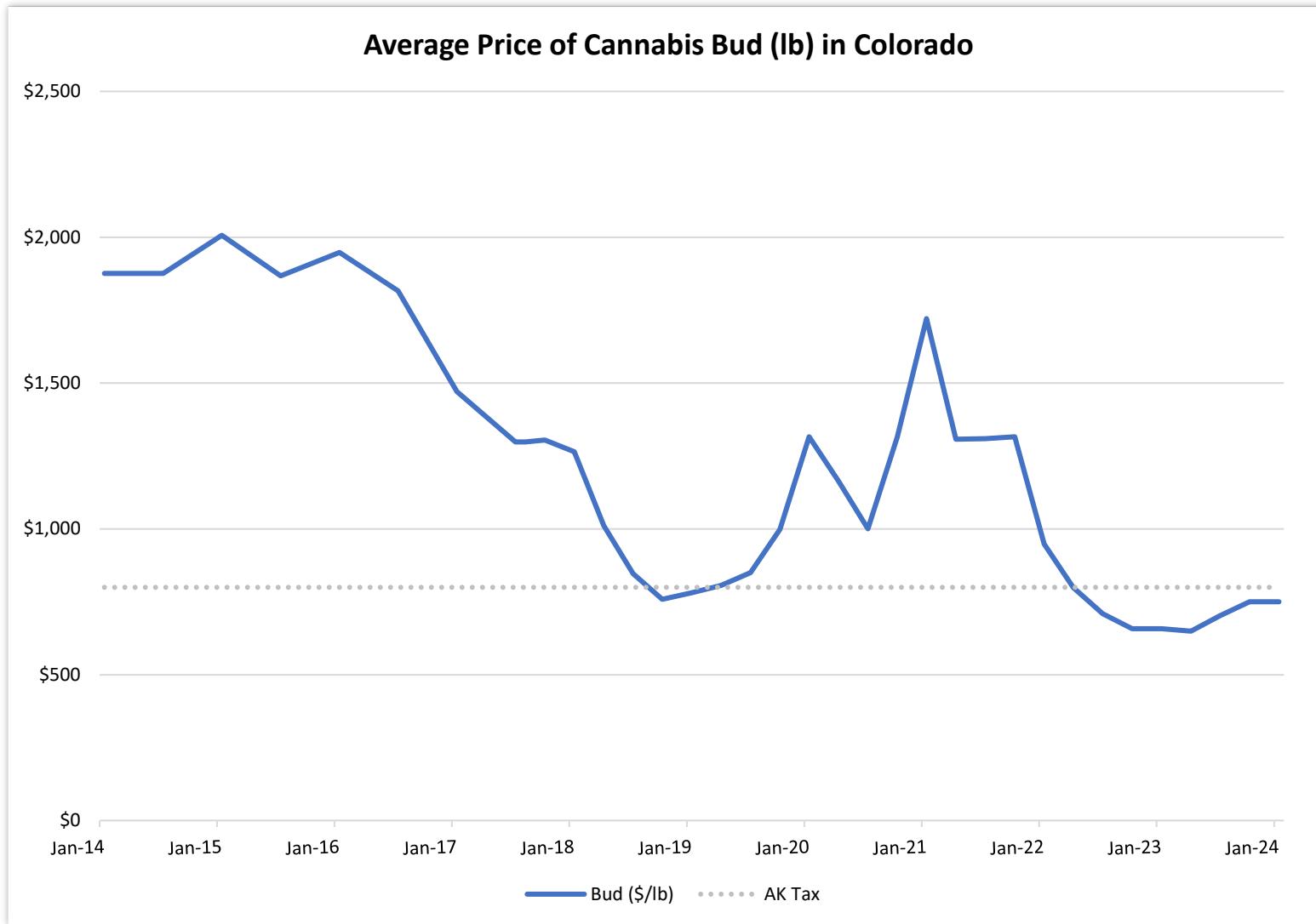
The assumed untaxed price for an ounce is \$100 in each state



Source: Authors' calculations.

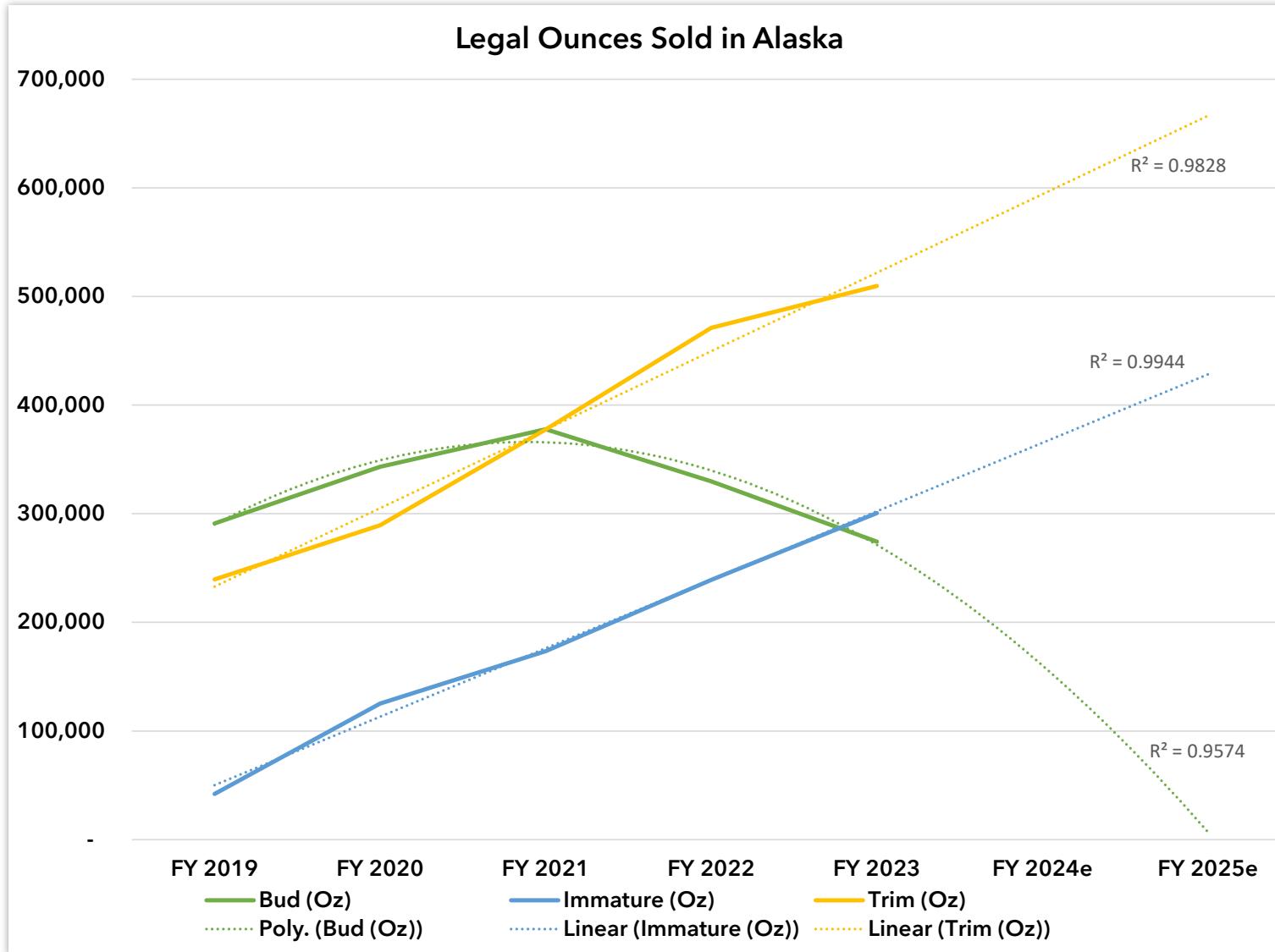
Note: Includes all state and local excise and general sales taxes. See methodology (appendix C) for assumptions.

# AK taxes are higher than wholesale prices in CO

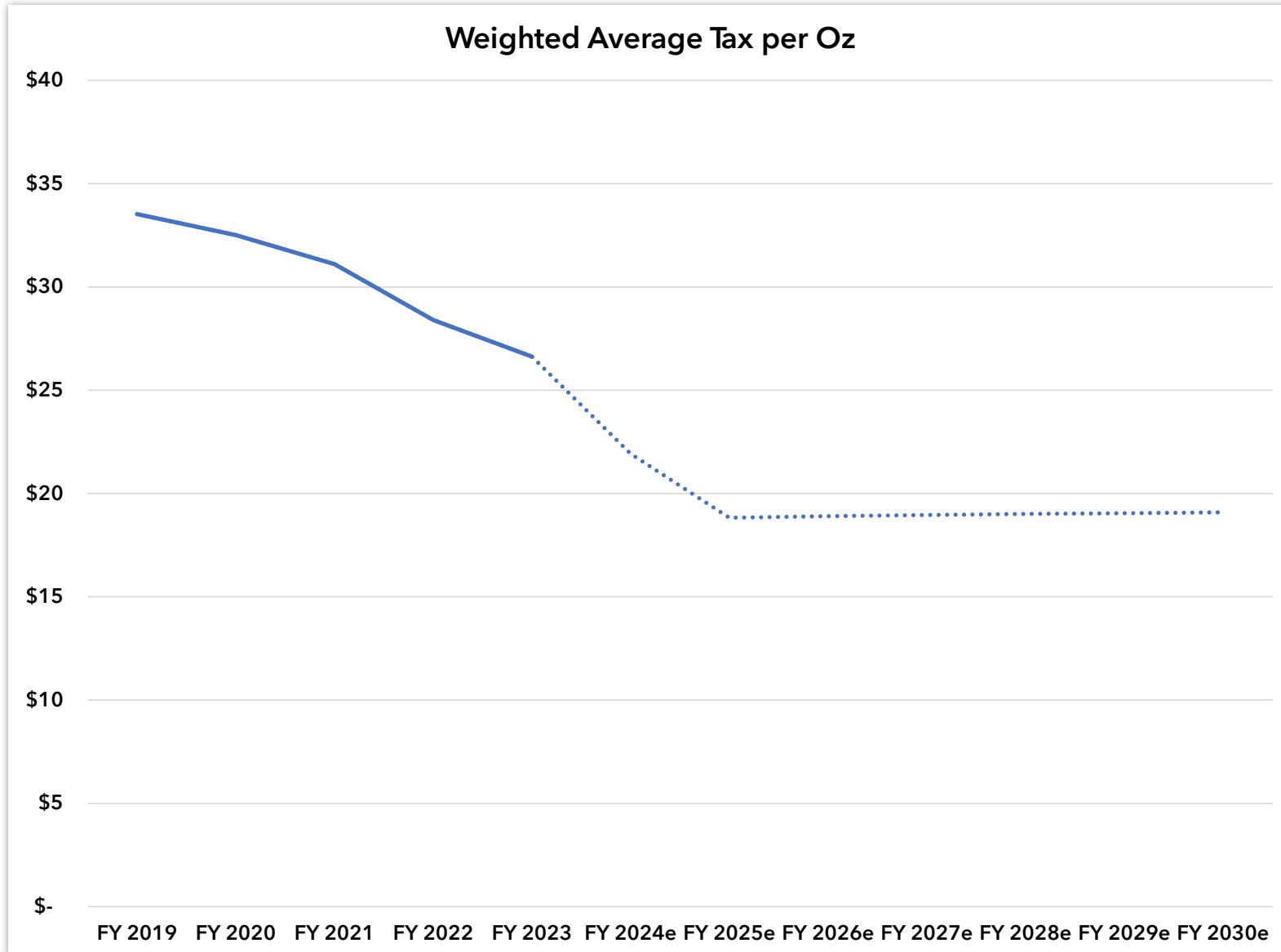


Source: [Colorado Department of Revenue](#)

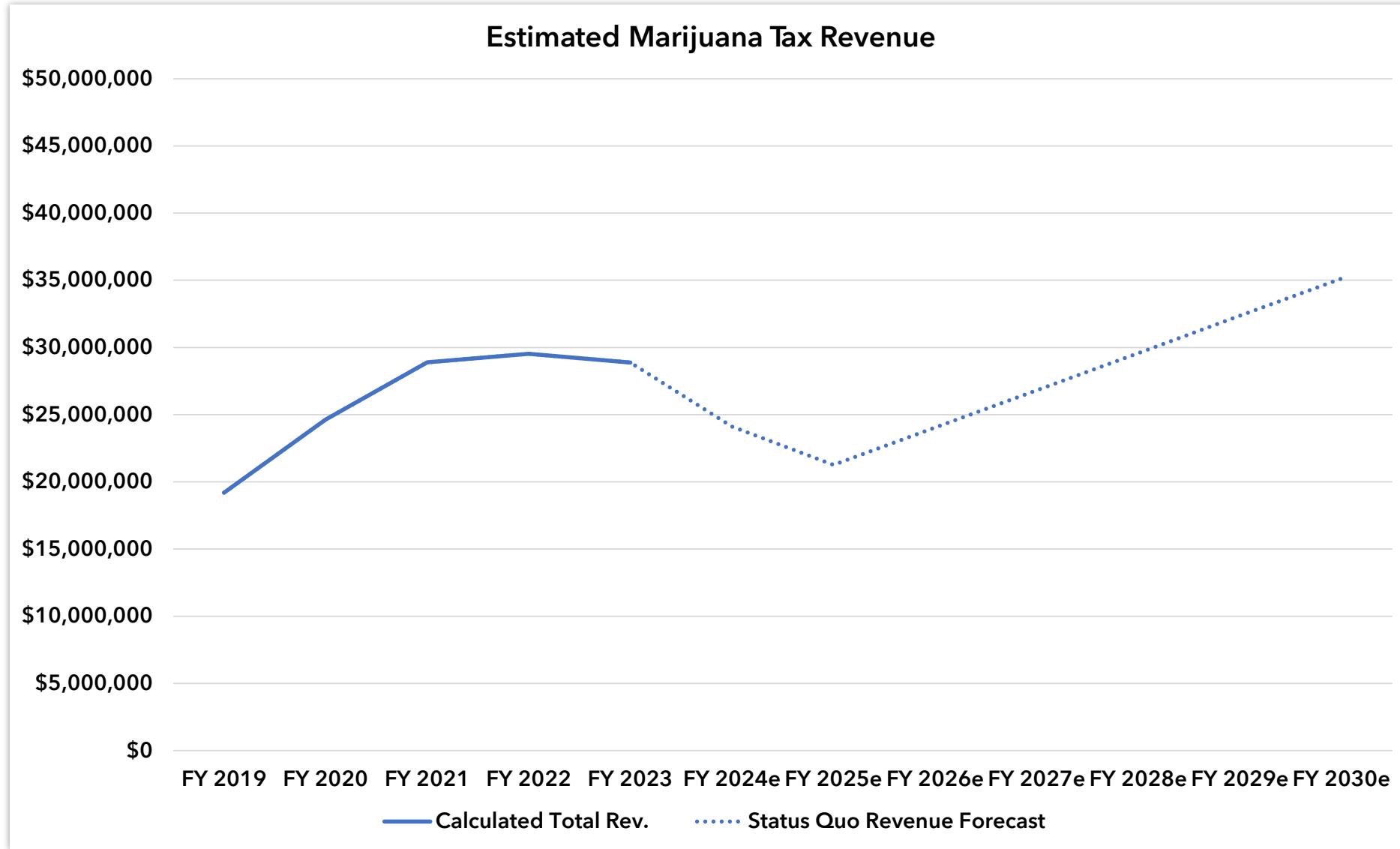
# Marijuana Tax Revenue Forecast



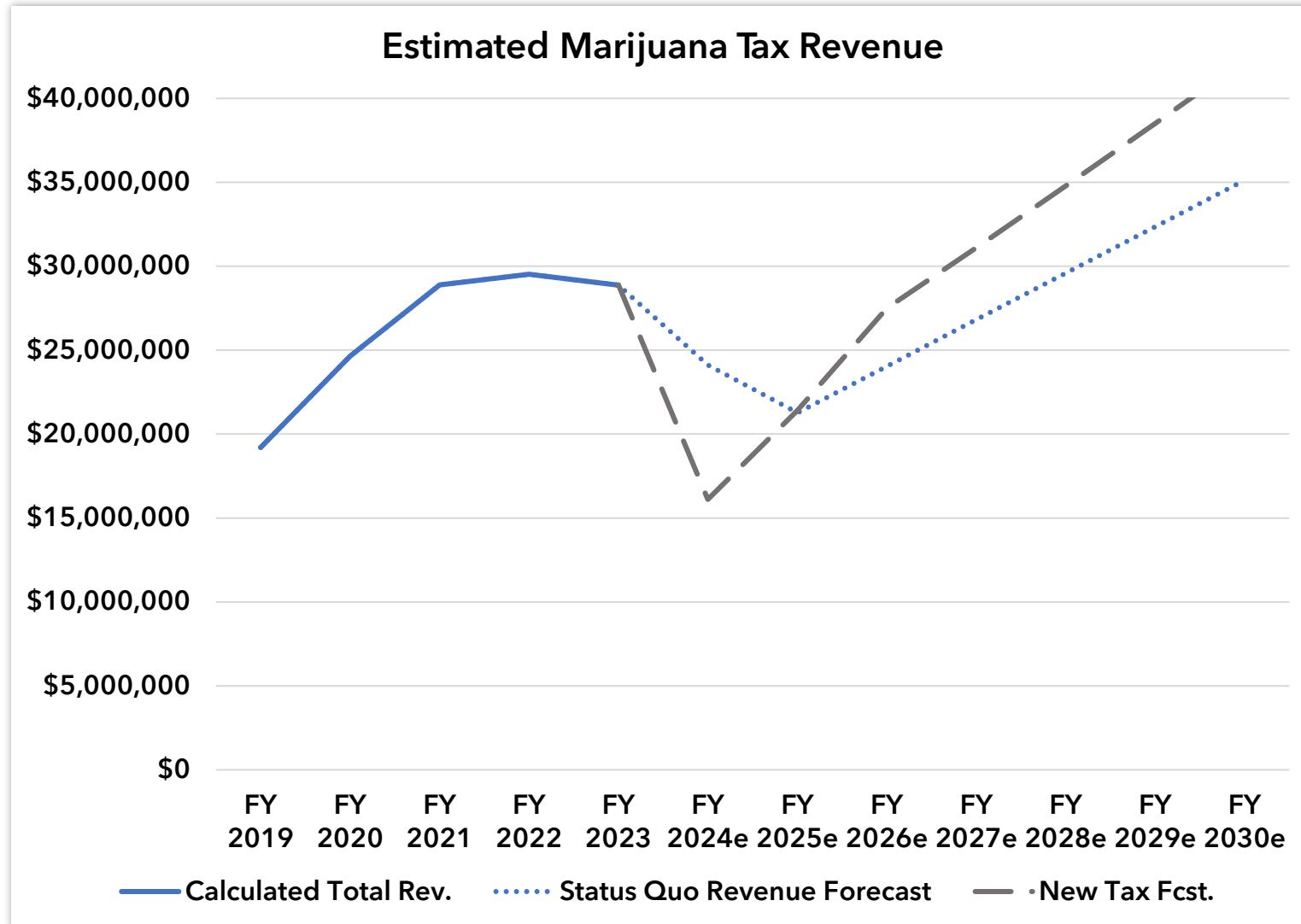
# Marijuana Tax Revenue Forecast



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# Marijuana Tax Revenue Forecast



# Dark Web Black Market is Lower Priced



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**Product      Price      Quantity**

SKUNK KUSH 1oz	120 USD = 0.00343 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>
SKUNK KUSH 3oz	300 USD = 0.00858 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>
SKUNK KUSH 5oz	450 USD = 0.01288 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>
TRAINWRECK 1oz	125 USD = 0.00358 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>
TRAINWRECK 3oz	310 USD = 0.00887 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>
TRAINWRECK 5oz	460 USD = 0.01316 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>
SOUR DIESEL 1oz	120 USD = 0.00343 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>
SOUR DIESEL 3oz	300 USD = 0.00858 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>
SOUR DIESEL 5oz	450 USD = 0.01288 ₧	<input type="checkbox"/> X <a href="#">Buy now</a>

Avg. \$122/Oz

VS

Legal Example



Flower | Enlighten

After Dark Pre-Packed A Buds - 7g



\$70.00 1/4 oz

\$70 x 4 = \$280/oz

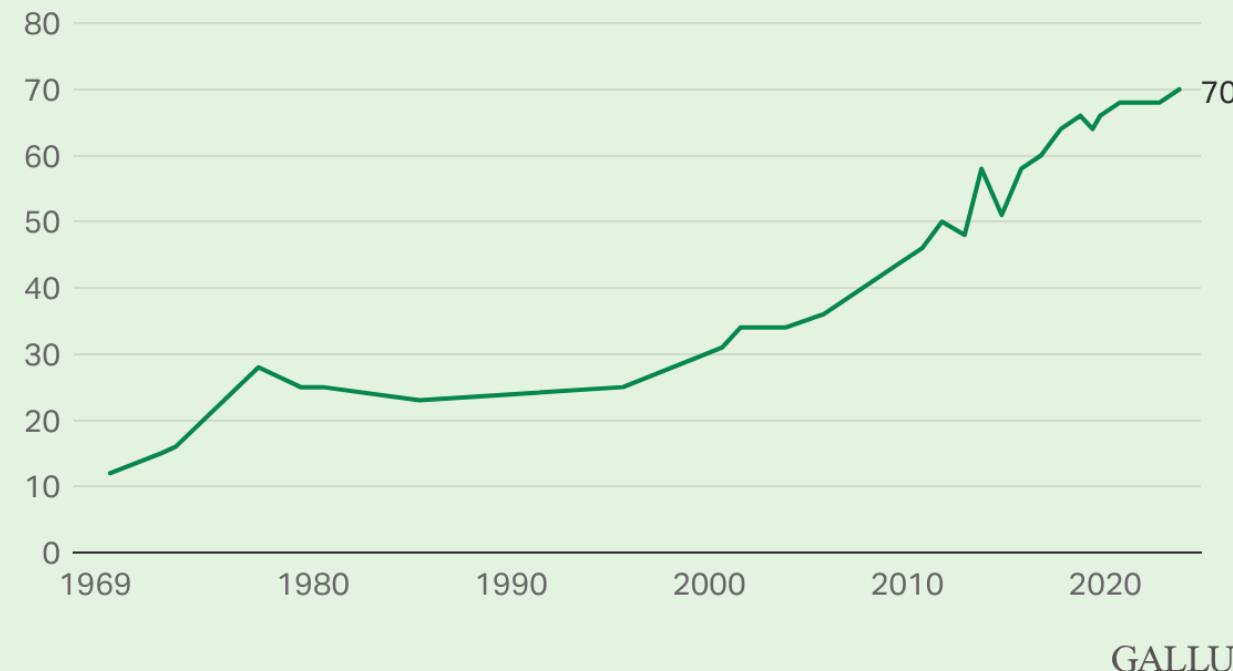
# Support for legalization at an all-time high



## The Green Wave: Americans' Support for Marijuana, 1969-2023

Do you think the use of marijuana should be legal, or not?

— % Yes, legal



# Summary



- Legal marijuana prices tend drop over time
- Alaska has higher than average taxes
- Product mix is changing suggesting lower tax realized in the future
- Black market options plentiful and cheaper
- Proposed CS likely generates more tax revenue than status quo