



# **Marijuana Taxes (HB 119)**

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



# Background and Context



## Marijuana Tax Facts

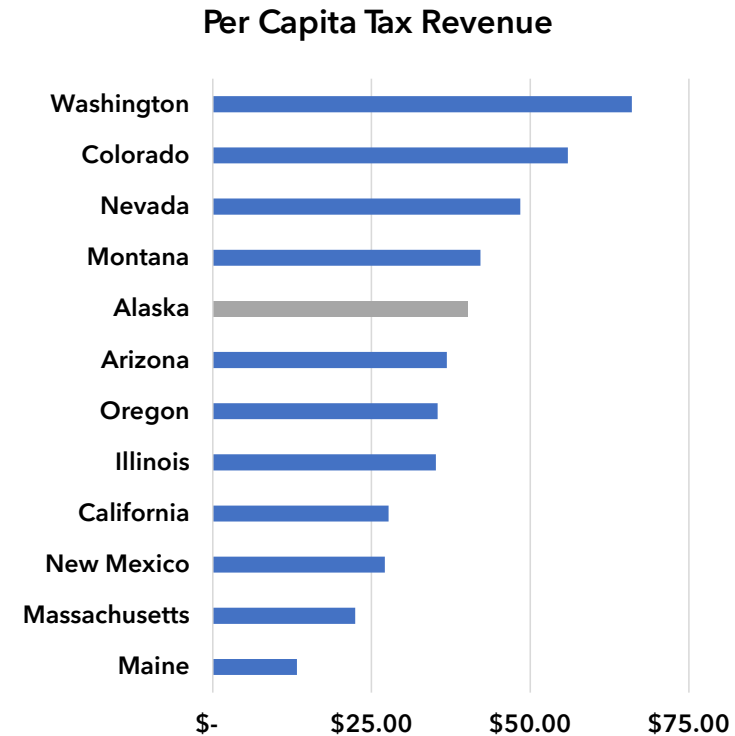
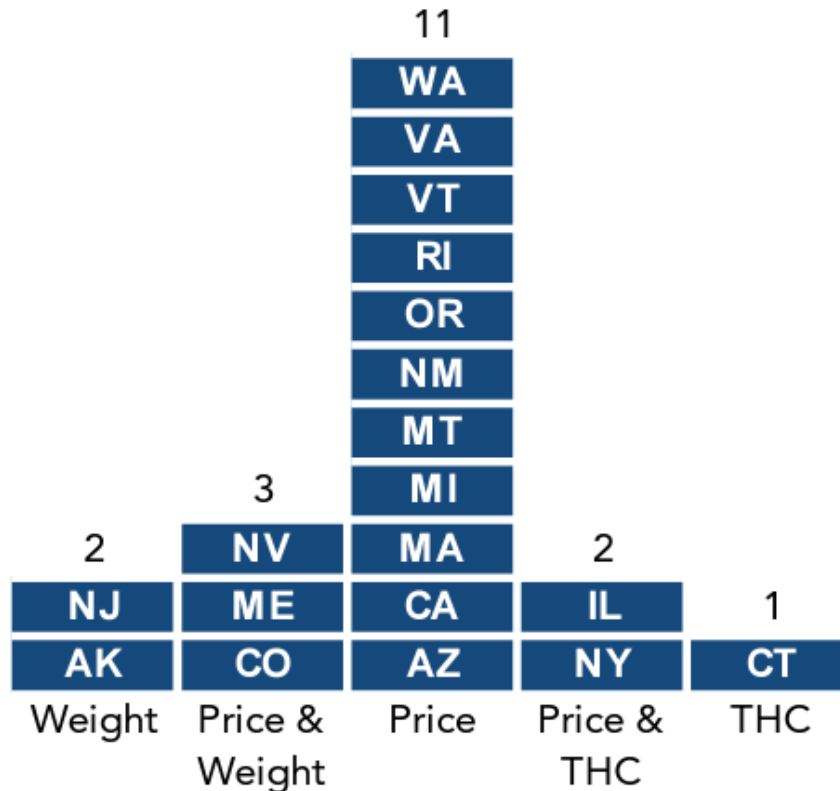
- ▶ 24 States have legalized recreational marijuana as of November 14<sup>th</sup>. Medical marijuana is legal in 38 states
  - Majority of states have price-based taxes
- ▶ State taxes currently vary based on category of plant product transferred from cultivators to retailers; local government taxes 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



**Source:** State government websites.

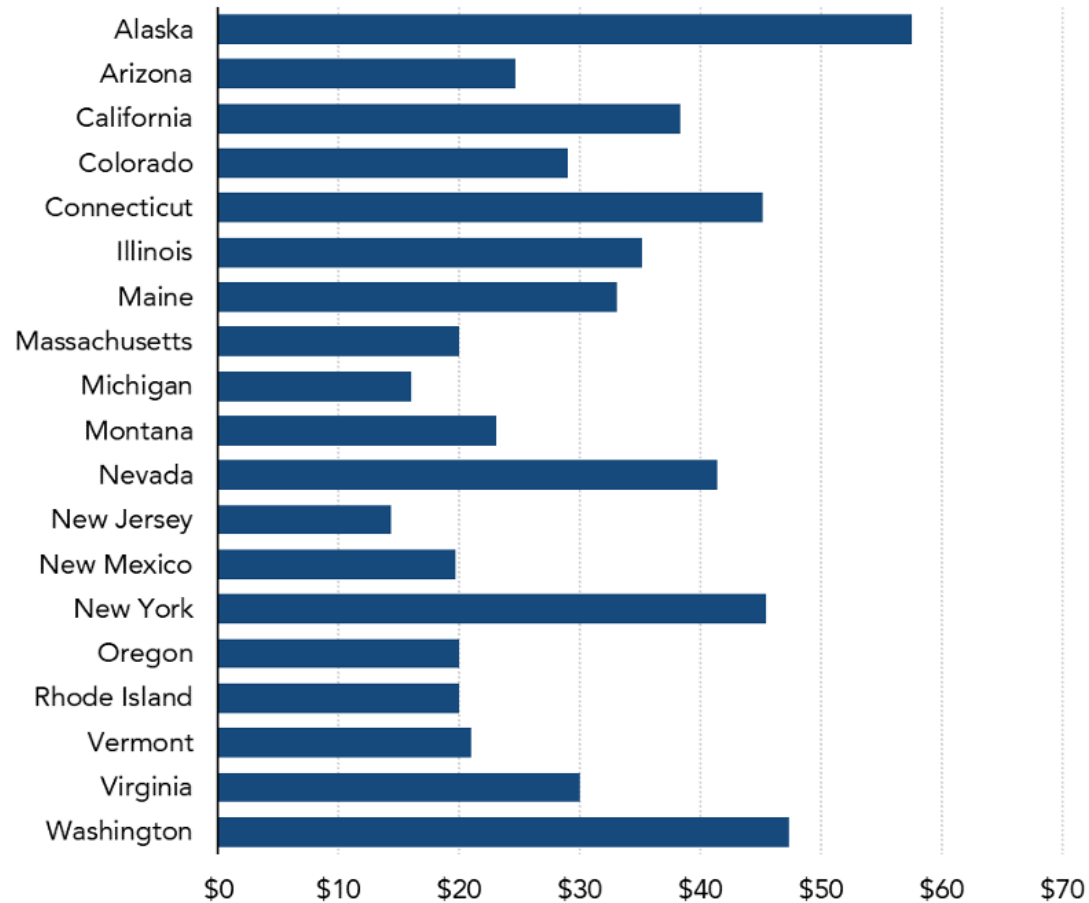
**Note:** Connecticut, New York, Rhode Island, Vermont, and Virginia have enacted taxes but have not yet begun taxable sales.

# Marijuana Taxes by Type



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

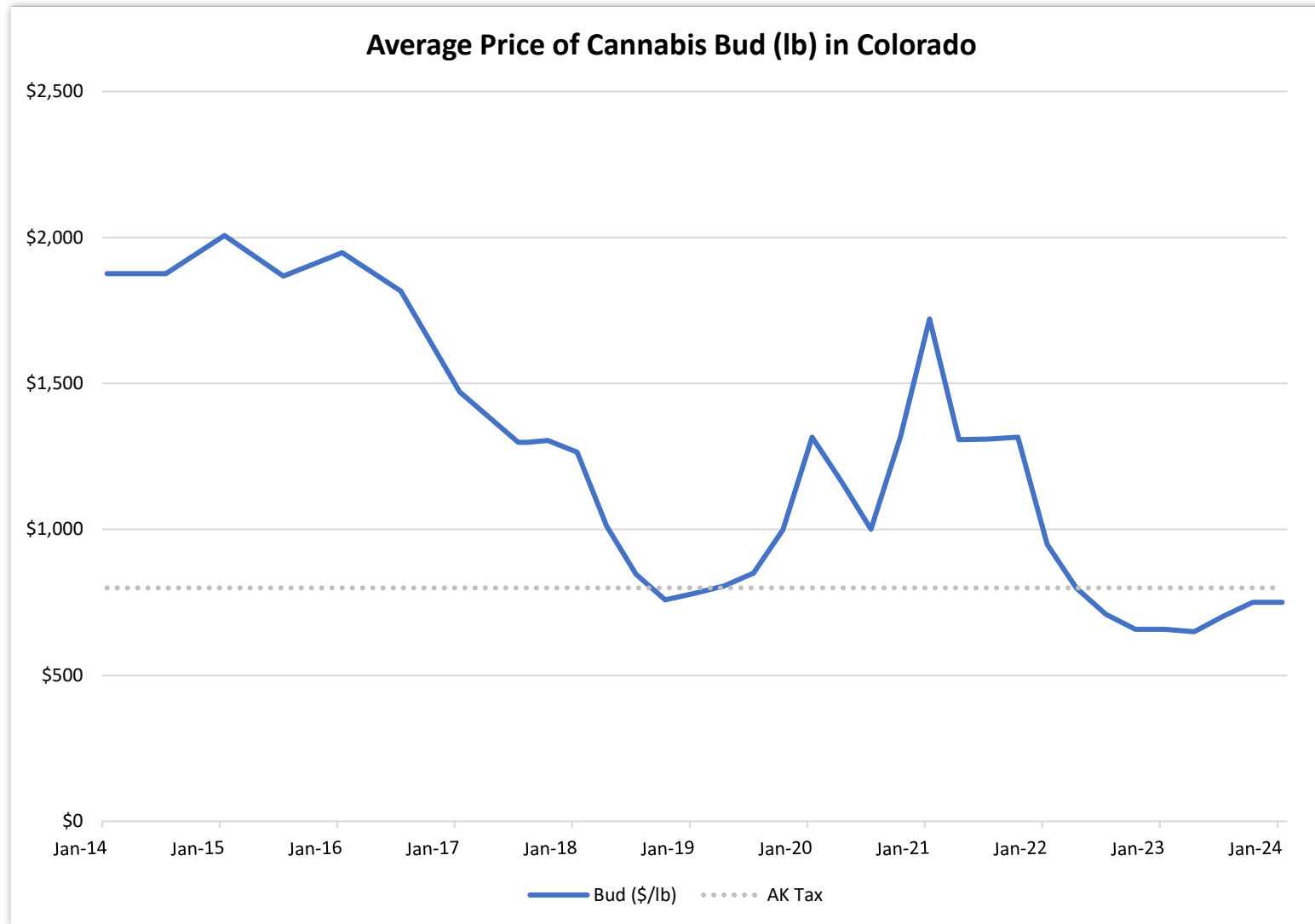
The assumed untaxed price for an ounce is \$100 in each state



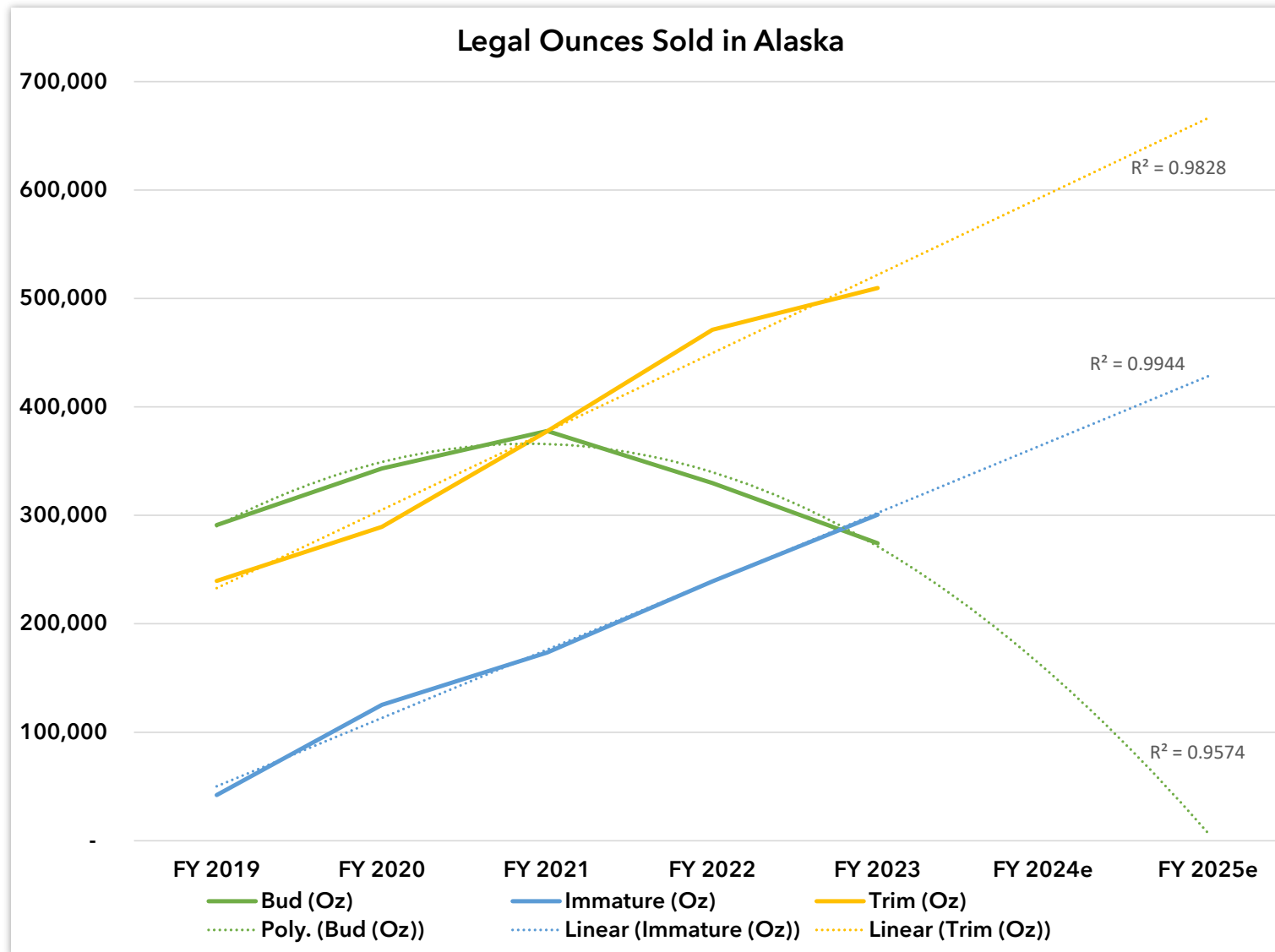
Source: Authors' calculations.

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

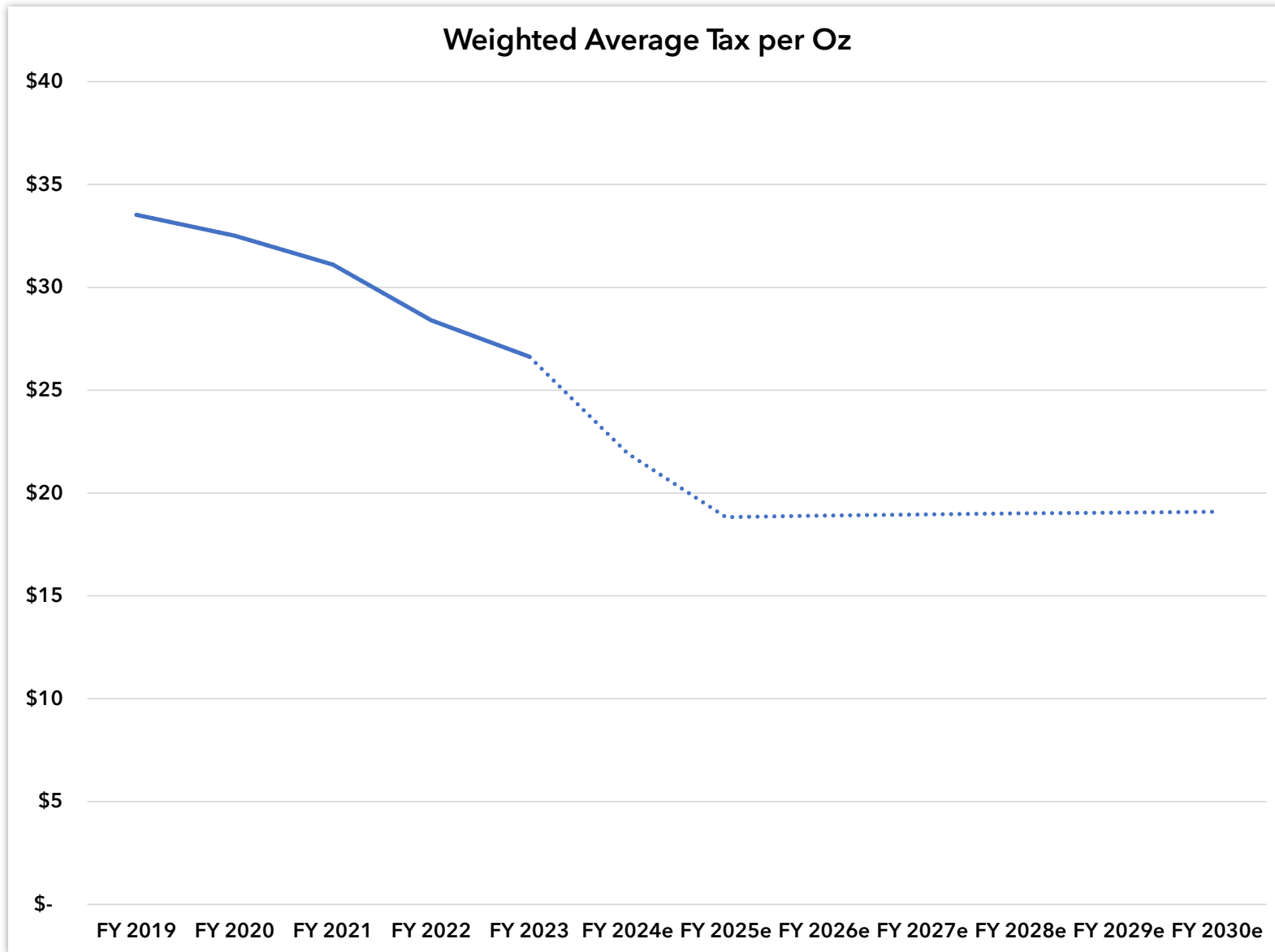
# AK taxes are higher than wholesale prices in CO



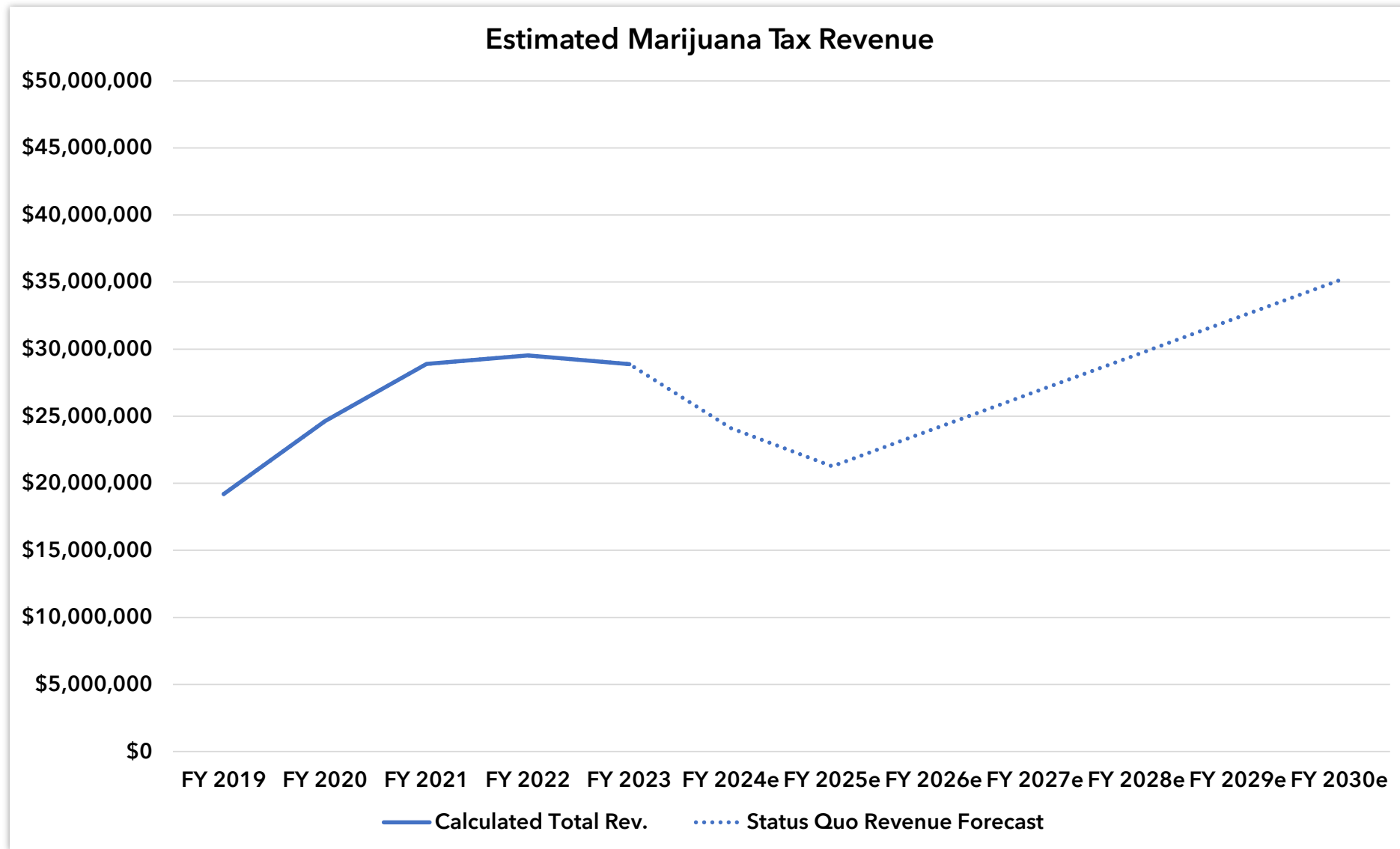
# Marijuana Tax Revenue Forecast



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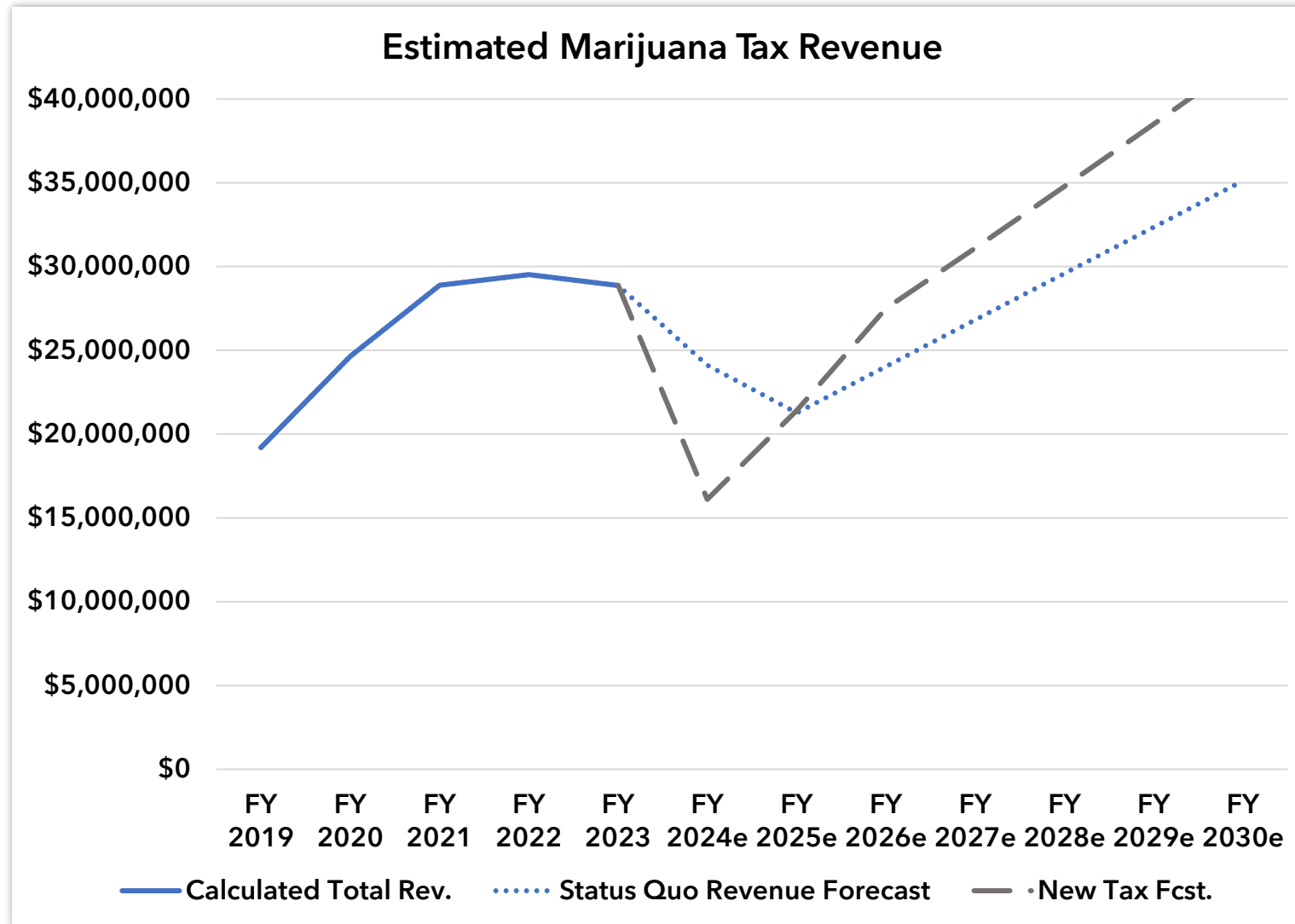


# Marijuana Tax Revenue Forecast





# Marijuana Tax Revenue Forecast




# Dark Web Black Market is Lower Priced



## DrChronic

Products Login Registration

### DrChronic - Shipping from USA



Straight from the source! We don't lose packages; your privacy and satisfaction is our top priority! Here at DrChronic we strive to meet and exceed customer expectations and always conduct our business professionally with integrity..

We currentlz ship MON,WED,FRI and all orders received before 12pm PST on those dazs will ship same day!  
NO REFUND OR RESHIPMENT ON ORDERS THAT SHOW DELIVERED. Shipping is \$5, FREE for orders over \$200.

Product	Price	Quantity
SKUNK KUSH 1oz	120 USD = 0.00343 B	1 X Buy now
SKUNK KUSH 3oz	300 USD = 0.00858 B	1 X Buy now
SKUNK KUSH 5oz	450 USD = 0.01288 B	1 X Buy now
TRAINWRECK 1oz	125 USD = 0.00358 B	1 X Buy now
TRAINWRECK 3oz	310 USD = 0.00887 B	1 X Buy now
TRAINWRECK 5oz	460 USD = 0.01316 B	1 X Buy now
SOUR DIESEL 1oz	120 USD = 0.00343 B	1 X Buy now
SOUR DIESEL 3oz	300 USD = 0.00858 B	1 X Buy now
SOUR DIESEL 5oz	450 USD = 0.01288 B	1 X Buy now

Avg. \$122/Oz

Vs

## Legal Example



Flower | Enlighten

After Dark Pre-Packed A Buds - 7g



\$70.00 1/4 oz

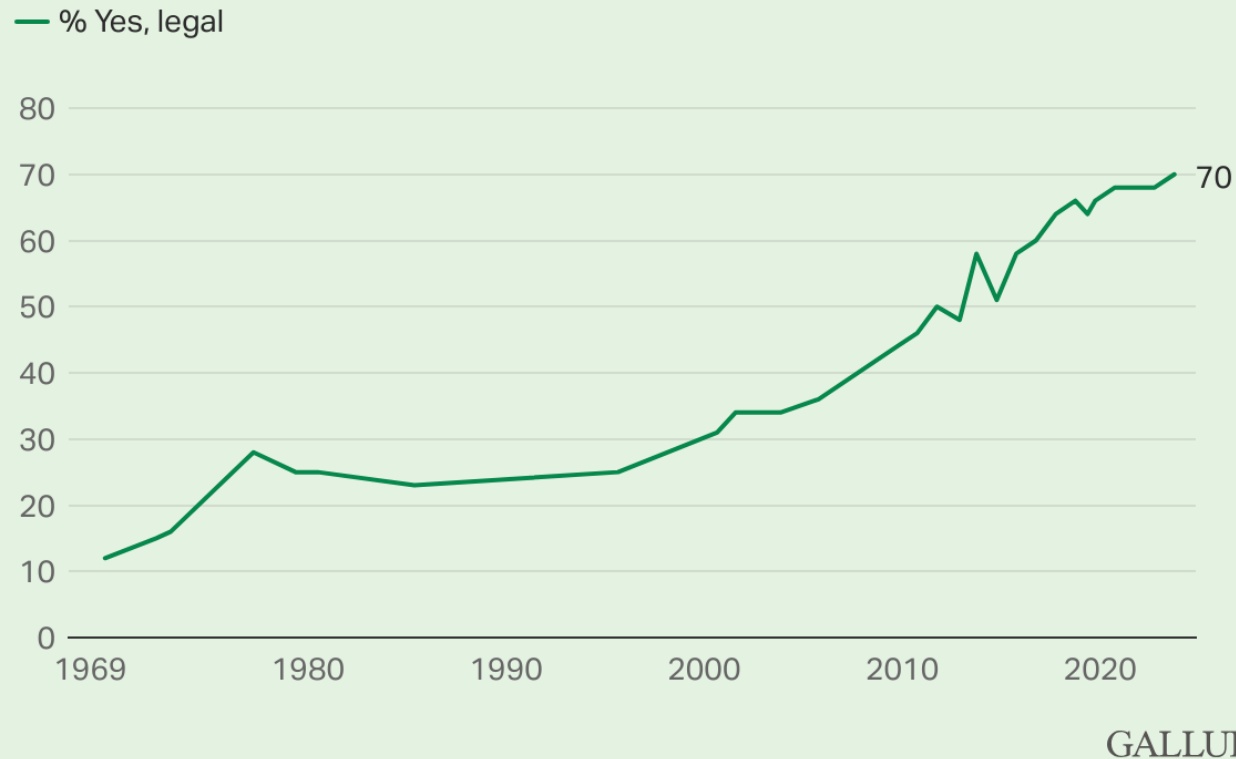
\$70 x 4 = \$280/oz

# 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?



# 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