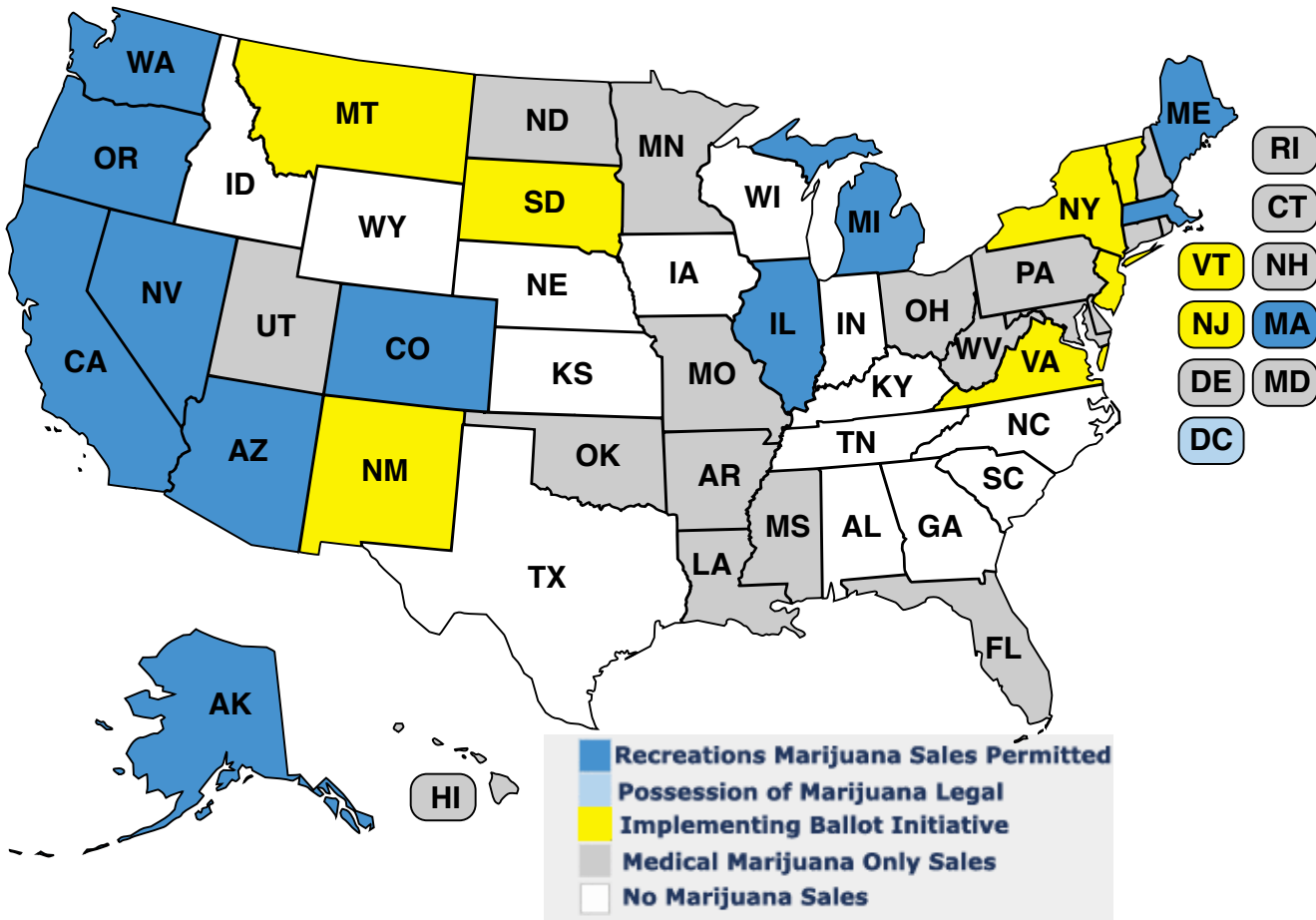


Status of State Taxation/Sales of Marijuana

[click here to View Presentations on Marijuana Taxation Issues form FTA Conferences](#)

Click on Blue/Yellow States to View Details of State Programs, or

[\[download pdf version\]](#)



Source: Federation of Tax Administrators from various sources
Updated - April 22, 2021

State Marijuana/Cannabis Taxes - 2021

Alaska

Legalization was approved with Ballot Measure 2 in 2014. The first cultivation license was granted in July 2016, with retail sales beginning in October 2016

Taxes:

- Excise tax of \$50/ounce for flowers
- Excise tax of \$15/ounce for stems and leaves
- Excise tax of \$25/ounce for immature flowers/buds (added 10/2018)

FY 2017 Revenues \$1.7 million.

Agencies Administering:

Licensing and Tracking: Marijuana Control Board
<https://www.commerce.alaska.gov/web/AMCO>

Tax Administration: Alaska Dept. of Revenue
<http://tax.alaska.gov/>

Arizona

Arizona Proposition 207, Marijuana Legalization Initiative approved on 2020 Ballot [59.9% to 40.1%]. Licensing of Retail establishments began January 16, 2021

Taxes:

- Proposition 207 would place a 16 percent tax on marijuana sales, in addition to the existing transaction privilege tax and use tax.

Agencies Administering:

- Arizona Department of Health Services (DHS) is responsible for adopting rules to regulate marijuana, including the licensing of marijuana retail stores, cultivation facilities, and production facilities.
<https://www.azdhs.gov>
 - Taxes administered by the Department of Revenue
<https://azdor.gov/>
-

California

Legalization was approved with Proposition 64 in 2016. Personal use and growth were legal beginning in November 2016. Retail sales began January 2018

Taxes:

- Cultivation Tax of \$9.25/ounce for flowers [\$9.65 after 1/1/20]
\$2.75/ounce for leaves [\$2.87 after 1/1/20]
Fresh plant material \$1.29/ounce [\$1.35 after 1/1/20]
- Excise tax of 15% of Retail Sales
- State retail sales tax applies (7.25% plus local taxes)

notes, medical marijuana was exempted from the state sales tax on November 2016 by Prop. 64.

FY 2018 Revenues (two quarters) \$134 million.

Agencies Administering:

Tracking and Licensing: CalCannabis Cultivations Licensing (CA Dept. of Food & Agriculture
<http://calcannabis.cdfa.ca.gov/>

Tax Administration: California Dept. of Tax and Fee Administration
<https://www.cdtfa.ca.gov/>

Colorado

Legalization began when voters approved Constitutional Amendment 64 in 2012. Colorado became the first state to begin legal sales when retail stores opened in January 2014.

Taxes:

- Excise Tax of 15% of Average Market Rate, sales to retail stores
- Retail Tax of 15% (10% before July 2017) - local government receive 10% of this tax.
- (2.9% retail sales tax before July 2017)
- Local Option Retail Tax up to 8%

FY 2018 State Revenues \$251 million.

Agencies Administering:

Tracking, Licensing and Taxes: Colorado Dept. of Revenue

<https://www.colorado.gov/pacific/enforcement/marijuanaenforcement>

Revenue and Sales Data

<https://www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports>

<https://www.colorado.gov/pacific/revenue>

District of Columbia

Voters approved Ballot Initiative 71 in 2014 that allowed possession of less than two ounces of marijuana. However, Federal law does NOT permit the cultivation, distribution and retail sales of Marijuana.

Illinois

Bipartisan bill H.B. 1438, which the General Assembly passed May 31, will allow adults 21 and older to buy marijuana from licensed dispensaries **starting January 1, 2020**. Pritzker signed the bill June 25.

Taxes:

- 7% Tax on Sales to Dispensaries
- Retail Excise Taxes
 - 10% on marijuana with THC level of 35% or less
 - 20% on cannabis-insused products
 - 25% for marijuana with THC level above 35%
 - Local option tax up to 3% [7/1/2020]

Agencies Administering

Tracking and Licensing [Illinois Dept. of Financial & Professional Regulation]

<https://www.idfpr.com/ILCannabis.asp>

Taxes: Illinois Dept. of Revenue Cannabis Information Page -[https://www2.illinois.gov/rev/Information bulletin 2020-12](https://www2.illinois.gov/rev/Information%20bulletin%2020-12)

Maine

Voters approved marijuana legalization with the Ballot Question 1 in 2016. This allowed possession and individuals to grow marijuana beginning on January 30, 2017. On May 2, 2018, the Legislature overrode the Governor's veto of [LD 1719](#), An Act to Implement a Regulatory Structure for Adult Use Marijuana. **Retail sales began on October 9, 2020.**

Taxes:

- Excise tax of \$335 per pound - flower
- Excise tax of \$94 per pound - trim
- Excise tax of \$1.50 per seedling
- Excise tax of \$0.35 per seed
- Retail sales tax of 10%

Agencies Administering:

Tracking and Licensing: Office of Marijuana Policy - Maine Department Administrative and Financial Services
<https://www.maine.gov/dafs/> [[draft rules released](#) - April 23 2019]

Taxes: Maine Revenue Service
<https://www.maine.gov/revenue/>

Massachusetts

Legalization was approved with Ballot Question 4 in 2016. While the ballot question set January 2018 as the date for retail sales to begin, legislation H 3818 delayed first sales until after July 1, 2018 and set various tax rates. It also created a Cannabis Control Commission with 5 appointed members.

The first cultivation license was issued on June 21, 2018, and the first retail store opened on November 20, 2018.

Taxes:

- 10.75% Excise Tax on Retail sales (initially 3.75% on ballot)
- 6.25% Retail Sales Tax applies
- Local Option Excise Tax of up to 3% is permitted (initially 2% on ballot)

Agencies Administering:

Tracking and Licensing: Massachusetts Cannabis Control Commission
<https://mass-cannabis-control.com/>

Taxes: Massachusetts Dept. of Revenue
<https://www.mass.gov/marijuana-retail-taxes>

Michigan

Voters recently approved Ballot Proposal 1 in the 2018 election authorizing the cultivation, distribution and retail sales of **recreational Marihuana**. State policymakers now need to approve legislation to implement the proposal. Details on taxes and regulation will be spelled out in future legislation. **Legal retail sales began on December 6, 2019.**

Taxes:

- 10% Retail Excise Tax
- 6% State Sales Tax (effective February 6, 2020)

Agencies Administering:

Tracking and Licensing: Michigan Dept. of Licensing and Regulatory Affairs
https://www.michigan.gov/lara/0,4601,7-154-89334_79571_90056---,00.html

Taxes: To Be Administered by the Michigan Department of Treasury
<https://www.michigan.gov/treasury>

The Department has recently released [Bulletin 2019-17](#) discussing collections of retail excise tax.

Montana

Montana I-190, Marijuana Legalization and Tax Initiative approved on the 2020 ballot [56.6% to 43.4%]. Retail sales to begin in 2022.

Taxes:

- Marijuana and marijuana-infused products would be taxed at 20% of the retail price.

Agencies Administering:

The [Montana Department of Revenue](#) would be responsible for regulating the cultivation, manufacture, transport, and sale of marijuana in Montana. **It would begin accepting marijuana provider and dispensary applications by January 1, 2022.** <https://mtrevenue.gov/>

Nevada

Legal sales of Marijuana were approved by the voters with Ballot Question 2 in 2016. While the Ballot Question setup January 1, 2017 as the start date for retail sales, the Dept. of Taxation approved regulations allowing sales to begin on July 1, 2017. Due to supply conditions, the Department temporarily permitted medical facilities to sell recreational marijuana.

Taxes:

- Wholesale Excise Tax 15% [Fair Market Value determined by DOT], also applied to medical marijuana
- Retail Tax 10%
- Sales tax imposed 6.85% (plus local)

Agencies Administering:

Tracking, Licensing and Taxes: Nevada Dept. of Taxation
<http://marijuana.nv.gov/>

New Mexico

The Governor recently sign HB 2 which provides for the retail sales of **recreational marijuana beginning April 2022.**

Taxes:

- Excise tax of 12% of Retail Sales
[tax rate will increase annually beginning in 2025 to 18%]
- Retail sales tax applies

Agencies Administering:

The legislation creates a Cannabis Control Division of the Regulation and Licensing Department to administer licenses and collection taxes.

New Jersey

New Jersey Marijuana Legalization Amendment was approved on the 2020 ballot [66.9% to 33.1%]. The constitutional amendment would take effect on January 1, 2021.

Taxes:

- The ballot measure would apply the state sales tax (6.625 percent) to recreational marijuana but prohibit additional state sales taxes.
- The state Legislature would be authorized to allow local governments to enact an additional 2 percent sales tax on recreational marijuana.

Agencies Administering:

The five-member Cannabis Regulatory Commission (CRC), which was first established to oversee the state's medical-marijuana program, would be responsible for regulating the cultivation, processing, and sale of recreational marijuana.

New York

The legislature has approved and the Governor signed S. 854 which allows for **recreational marijuana sales beginning April 1, 2022**.

Taxes:

- A tax of 0.5 cent/milligram of THC in Flower
A tax of 0.8 cent/milligram of THC in Concentrate
A tax of 0.3 cent/milligram of THC in Edibles
- A Retail Tax of 9% plus a statewide 4% local tax

Agencies Administering:

Tracking, Licensing and Taxes: New York State Department of Taxation and Finance
<https://www.tax.ny.gov>

Oregon

Voters approved Initiative Measure 91 in 2014 that legalized recreational marijuana allowing possession of up to 8 ounces and four plants. It also required the Liquor Control Commission to regulate sales. Legislation was approved in the 2015 session that allowed retail sales to begin on October 1, 2015, initially through medical dispensaries on a temporary basis. Recreational marijuana retail licenses were granted beginning October 1, 2016.

Taxes:

- 17% Retail Sales Tax
- a temporary 25% tax was imposed on Medical Dispensary sales January - December 2016.
- Local Option sales tax up to 3%

Agencies Administering:

Tracking and Licensing: Oregon Liquor Control Commission
<https://www.oregon.gov/olcc/Pages/index.aspx>

Taxes: Oregon Dept. of Revenue
<https://www.oregon.gov/DOR/Pages/index.aspx>

South Dakota

South Dakota Constitutional Amendment A, Marijuana Legalization Initiative was approved on the 2020 ballot [53.4% to 46.6%]. **NOTE: Constitutional Amendment A is currently being litigated in state court.**

The amendment would require the South Dakota State Legislature to pass laws providing for a program for medical marijuana and the sale of hemp by April 1, 2022.

Taxes:

- Under the amendment, marijuana sales would be taxed at 15%. After the tax revenue is used by the Revenue Department to cover costs associated with implementing the amendment, 50% of the remaining revenue would be appropriated to fund state public schools and 50% would be deposited in the state's general fund.
<https://dor.sd.gov>

Vermont

In September, the legislature approved S. 54. If signed by the governor, this bill would authorize **Retail Sales of recreational marijuana beginning October 1, 2022**. The provisions of S. 54 are below.

Taxes

- Cannabis Excise Tax - 14% of Retail Price
- State Sales Tax

Agencies Administering:

Licensing/Tracking:

- The Cannabis Control Board (3-member board to be created)

Taxes:

- Department of Taxes [<https://tax.vermont.gov>]

Previous Actions:

In January 2018, the governor signed H. 511 permitting the possession of 1 ounce of marijuana and two plants. It did NOT allow the retail sales of marijuana but created a Marijuana Advisory Commission which would submit recommendations to the legislature on future retail sales.

Agencies Administering:

Vermont Marijuana Advisory Commission

<https://marijuanacommission.vermont.gov/>

Virginia

The legislature approved and the governor signed SB 1406 [HB 2312] which legalizes possession and allows for the retail sales of Marijuana. Legal possession of of one ounce or less will be allowed July 1, 2021, while **retail sales will begin January 1, 2024**.

Taxes:

- Retail sales tax of 21% for all products sold through Marijuana stores
a 3% local options sales tax may also apply

Agencies Administering:

Virginia Cannabis Control Authority will be created and issue regulations by July 1, 2023.

Washington

Voters approved Measure Initiative 502 in 2012 which legalized the possession, distribution and sales of marijuana. It required the State Liquor Control Board to regulate and tax the retail sale of Marijuana. Legislation in 2015 (H 2136) changed the tax rate (from 25% wholesale and retail tax) to the current 37% rate and changed the name to the Washington State Liquor and Cannabis Board.

Retail sales began July 2014, with Washington became the second state to permit retail sales of recreational marijuana. Note, medical dispensaries were required to obtain a retail license after June 2016.

Taxes:

- 37% Tax on Retail Sales
- 6.5% Retail Sales Tax (plus local tax) [medical is exempt from sales taxes after June 2016]

Agencies Administering:

Tracking, Licensing and Taxes: Washington State Liquor and Cannabis Board

<https://lcb.wa.gov/>

Information on past and future Ballot Initiatives.

https://ballotpedia.org/Marijuana_on_the_ballot#By_year

[Return to Map View](#)

Source: Federation of Tax Administrators from various sources
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