

**NJLM Working Document  
Recreational Use Marijuana Tax**

<b>State</b>	<b>Current State Sales Tax</b>	<b>Current Local Sales Tax</b>	<b>Marijuana State Sales Tax/Excise Tax</b>	<b>Marijuana Local Sales Tax/Excise Tax</b>	<b>Local Funding Provided by Dedicated State Sales Excise Tax</b>	<b>Notes</b>
Alaska	0%	1% to 7%	\$50 per ounce	0%	No	
California	7.25%	7.5% to 10.25%	25% (15% excise & 10% on cultivation)	Yes but unable to find data on amount	Yes	
Colorado	2.90%	1% to 5% sales 0% to 4% use	15%	Varies	Yes	local sales tax rates vary and I have been unable to find a listing of each municipal rate
Massachusetts	6.25%	0%	10.75%	3%	Yes	Mandates a host community agreement between marijuana establishment and municipality. For cost related to the cost imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center. Cannot exceed more than 3% of gross sales. Agreement is in effect for 5 years.
Nevada	6.85%	0.125 to 0.5%	15% on wholesale price 10% excise tax on retail sale	up to 3% of marijuana business gross receipts as business license fee	Yes	
Oregon	0%		17%	3%	Yes	
Washington	6.50%	0.0243% to 0.039%	37%	0.5% to 3%	Yes	

# Appendix B

## Alaska

State Excise tax of \$50 per ounce, or proportionate part thereof (43.61.010)

No local funding provided

Municipalities can establish a schedule of annual operating, registration, and application fees for marijuana establishments, provided the application fee shall only be due if an application is submitted to the local government. Registration fee is the same as the application fee. (17.38.10)

## California

State's tax is 25% (15% excise & 10% on cultivation) with annual adjustments for inflation beginning January 1, 2020 (RTC 34011)

15% state excise tax, breakdown as follows (RTC 34019):

- \$2 million to UC San Diego for Medical Cannabis Research
- \$3 million, for 5 years, to California Highway Patrol to establish DUI protocols
- \$10 million until 2028 to a California public university for legalization related research
- \$10 million in 2018 to areas disproportionately affected by criminalization. Grows by \$10 million per year and remains at \$50 million in 2022 +
- Remaining funds:
  - 60% - drug education, treatment & prevention for youth
  - 20% - state & local law enforcement
  - 20% - cleaning up environmental damage caused by pre-regulation growing operation

Local option to impose local tax (BPC 26200)

For sampling of local taxes - [www.cityofshastalake.org/DocumentCenter/View/1460](http://www.cityofshastalake.org/DocumentCenter/View/1460)

## Colorado

Local option to impose excise & Sales tax

From January 1, 2014 – June 30, 2017, the state retail marijuana sales tax rate was 10%, the state share was 85% of the total tax collected, and the local government share was 15% of the total tax collected

Starting July 1, 2017, the state retail marijuana sales tax rate is 15%, the state share is 90% of the total tax collected, and the local government share is 10% of the total tax collected. (Note: The first report reflecting the 15% rate is August 2017.)

Sampling of Revenue Distribution from State to Locals (September 2018)

Distributed to Local Jurisdictions (10% of Total Remitted)			Retained by the State (90% of Total Remitted)	
City				
			Adams	\$989,170
Alma	NR	N/A	Arapahoe	\$1,507,540
Antonito	\$9,765	0.58%	Archuleta	\$122,389
Aspen	\$17,502	1.04%	Boulder	\$1,236,840
Aurora	\$133,060	7.89%	Chaffee	\$86,991
Basalt	NR	N/A	Clear Creek	\$92,904
Boulder	\$79,294	4.70%	Conejos	\$87,889
Breckenridge	\$11,533	0.68%	Costilla	\$63,974
Carbondale	\$2,828	0.17%	Denver	\$4,634,429
Central City	\$3,436	0.20%	Eagle	\$216,001
Commerce City	NR	N/A	El Paso	NR
Cortez	\$22,247	1.32%	Garfield	\$232,597
Crested Butte	NR	N/A	Gilpin	\$34,587
Crestone	NR	N/A	Grand	\$74,935
De Beque	\$13,514	0.80%	Gunnison	\$121,126
Denver	\$514,939	30.52%	Huerfano	NR
Dillon	\$7,304	0.43%	Jefferson	\$632,871
Dinosaur	NR	N/A	Lake	\$60,581
Durango	\$33,031	1.96%	La Plata	\$322,799
Eagle	NR	N/A	Larimer	\$946,920
Edgewater	\$32,937	1.95%	Las Animas	\$637,212
Englewood	NR	N/A	Mesa	\$234,524
Federal Heights	\$20,649	1.22%	Moffat	NR
Fraser	NR	N/A	Montezuma	\$274,278
Frisco	NR	N/A	Morgan	\$154,978
Ft Collins	\$89,030	5.28%	Otero	NR
Garden City	\$38,096	2.26%	Ouray	\$102,218
Georgetown	NR	N/A	Park	\$62,106
Glendale	\$31,303	1.86%	Pitkin	\$181,870
Glenwood Springs	\$7,343	0.44%	Pueblo	\$691,359
Gunnison	\$8,581	0.51%	Routt	\$138,813
Idaho Springs	\$6,820	0.40%	Saguache	\$26,839
Lafayette	\$10,178	0.60%	San Juan	NR
Leadville	\$6,731	0.40%	San Miguel	\$67,014
Log Lane Village	\$17,220	1.02%	Sedgwick	NR
Longmont	NR	N/A	Summit	\$272,442
Louisville	NR	N/A	Weld	\$342,865
Lyons	NR	N/A	Sum of NR Counties <sup>2</sup>	\$534,610
Mancos	\$8,229	0.49%	<b>Total <sup>3</sup></b>	<b>\$15,185,670</b>
Manitou Springs	NR	N/A		
Moffat	NR	N/A		

Mountain View	NR	N/A
Nederland	NR	N/A
Northglenn	\$38,468	2.28%
Oak Creek	NR	N/A
Pagosa Springs	NR	N/A
Palisade	NR	N/A
Parachute	\$11,684	0.69%
Pueblo	\$23,465	1.39%
Ridgway	\$11,358	0.67%
Rocky Ford	NR	N/A
Salida	\$9,666	0.57%
San Luis	NR	N/A
Sedgwick	NR	N/A
Silt	NR	N/A
Silver Plume	NR	N/A
Silverthorne	NR	N/A
Silverton	NR	N/A
Steamboat Springs	\$14,749	0.87%
Telluride	\$7,446	0.44%
Thornton	\$13,024	0.77%
Trinidad	\$70,801	4.20%
Walsenburg	NR	N/A
Wheat Ridge	\$19,594	1.16%
<b>Unincorporated County</b>		
Adams County	\$16,148	0.96%
Archuleta County	NR	N/A
Boulder County	\$29,281	1.74%
Clear Creek County	NR	N/A
Costilla County	NR	N/A
Eagle County	\$21,215	1.26%
Gilpin County	NR	N/A
Grand County	NR	N/A
Huerfano County	NR	N/A
La Plata County	NR	N/A
Larimer County	NR	N/A
Park County	\$5,228	0.31%
Pueblo County	\$53,353	3.16%
Saguache County	NR	N/A
<b>Combined Cities and Counties identified by NR</b>		
Sum of NR Local Governments <sup>2</sup>	\$216,307	12.82%
<b>Total <sup>3</sup></b>	<b>\$1,687,354</b>	<b>100%</b>

NR = Not releasable due to confidentiality requirements.

See FYI Sales 93 for more information about sales tax on marijuana: <https://www.colorado.gov/pacific/sites/default/files/Sales93.pdf>

<sup>1</sup> Tax remitted includes retail marijuana special sales tax revenue received as well as penalties and other adjustments in a given month.

<sup>2</sup> Per §39-21-113(4), C.R.S., data from counties and local governments identified by NR cannot be released in order to protect the confidentiality of the individual taxpayers.

It is the Department's practice to release aggregated data only when there are at least three taxpayers in a given category and none of them represents more than 80% of the total. The sums of all NR counties and local governments are provided

<sup>3</sup> May not sum to total due to rounding.

Source: Revenue collected monthly as posted in the Colorado state accounting system

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## **Massachusetts**

6.52% state sales tax

10.75% excise tax

Local option tax cap to 3% of total sale price (64H, Section 2 & 64N, Section 2 & 3a)

Funds collected by the State and returned to the municipalities

Marijuana operations (growers & retail) must enter into host community impact agreements to offset costs of impacted towns. Negotiated every 5 years. Condition of state license. (94G, Section 3)

State excise tax distributed as follows (94G, Section 14):

- Public & behavioral health;
- Public safety;
- Municipal police training;
- Prevention & Wellness Trust Fund; and
- programming for restorative justice, jail diversion, workforce development, industry specific technical assistance, and mentoring services for economically-disadvantaged persons in communities disproportionately impacted by high rates of arrest and incarceration for marijuana offenses

## **Nevada**

Retail Marijuana subject to:

15% excise tax on the wholesale price; paid by the cultivator (applies to everything). This revenue is dedicated to Nevada schools, less the amount to cover the costs of the program for the State and local governments. However, any excise tax collected must first pay the costs of the Department of Taxation and each locality to carry out the requirements of the law. The Legislature has determined by statute that \$5 million per annum from the proceeds is “deemed sufficient” to cover local government cost for increased demands on public services related to marijuana. (NRS 372A.290)

10% excise tax on the retail sale; paid by the retail store (recreational marijuana only). This revenue is dedicated to Nevada’s Account to Stabilize the Operation of State Government. (NRS 372.395)

Any excise tax collected must first pay for the cost of the State and each municipality to carry out requirements of the law and regulations. Remaining funds are sent to the State Treasurer.

Also subject to the local retail sales tax, which is at a minimum is 7.6% for each county. Some counties have a higher local sales tax.

Municipalities are allowed to charge a business license fee up to 3% of marijuana business gross receipts.

Breakdown of Disbursement of \$5 million for FY 2018:

- \$1.5 million
  - Evenly divided to each county (\$88,235.29)
- \$3.5 million
  - Allocated to jurisdictions with marijuana establishments based on population
  - Please note for 2019 the regulation has been changed that the disbursement will only be to incorporated municipalities and counties

**Oregon**

Permits municipalities to impose up to a 3% tax on sales of marijuana items made by those with recreational retail licenses by referring an ordinance to voters at November General Election (ORS 475B.491)

State sales tax is 17% on retail sale of marijuana items – including leaves, flowers, immature plants, concentrates, extracts, skin & hair products, and other products (ORS 475B.705)

10% of the State sales tax is distributed to municipalities that have not adopted ordinance prohibiting the sale. The revenue is to be used to “assist local law enforcement in performing its duties” Distribution is based on both per capita and license – 75% based on per capita and 25% based on license. (ORS 475B.759)

The remaining 7% of the State Sales tax is broken down as follows:

- 40% to Common School Fund
- 20% to Mental Health Alcoholism & Drug Service Account
- 15% to State Police
- 10% to Municipalities
- 10% to Counties
- 5% Oregon Health Authority

**Oregon Marijuana Tax: Distribution Information**

Quarter	Local Tax	State Tax						
	Cities/Counties Where DOR Collects the Local Tax	State School Fund (40%)	Mental Health, Alcoholism, and Drug Services Account (20%)	Oregon State Police (15%)	Oregon Health Authority, for Drug Treatment and Prevention (5%)	Cities and Counties (20%)		State Tax Total
						By Population	If Opt-In	
2017 Q2	\$1,201,000							
2017 Q3	\$2,306,685	\$33,996,435	\$16,998,217	\$12,748,663	\$4,249,554	\$16,060,272	\$937,946	\$84,991,087
2017 Q4	\$3,012,002	\$8,672,060	\$4,336,030	\$3,252,022	\$1,084,007	\$645,382	\$3,690,648	\$21,680,149

As of Nov. 28, 2018

2018								\$20,221,81
Q1	\$3,553,105	\$8,088,724	\$4,044,362	\$3,033,272	\$1,011,091	N/A	\$4,044,362	1
2018								\$20,639,02
Q2	\$3,329,961	\$8,255,611	\$4,127,805	\$3,095,854	\$1,031,951	N/A	\$4,127,805	7
2018								\$22,095,22
Q3	\$3,688,779	\$8,838,092	\$4,419,046	\$3,314,284	\$1,104,761	N/A	\$4,419,046	9

Note: Beginning with the 2018 Q2 distribution through June 2019, funds previously designated for the same purposes as the Mental Health Alcoholism and Drug Services account are instead to be used solely for mental health treatment or for alcohol and drug abuse prevention, early intervention and treatment, based on Senate Bil 1555 (2018).

## Washington

Recreational marijuana is subject to a 37% tax at the point of sale for a producer and retailer. This is addition to the general state and local sales and use tax. (RCW 69.50.535)

Application fee is \$250 for each license – renewal is \$1000

Beginning in 2018 funds will be distributed based on a formula (RCW 69.50.540)

If revenue exceeds \$25 million 30% of all tax in State’s general fund in the prior fiscal year will be distributed to local government as follows (RCW 69.50.540):

- 30% to municipalities & counties where retailers are located, based on the retail sales from stores in each jurisdiction
- 70% to municipalities & counties on a per capita basis, with counties receiving 60%

In FY 17 \$6 million shared with municipalities and counties with licensed facilities

Local sales taxes can be levied between 0.5% to 3%