

# Marijuana Taxes

Trevor Gloss

Assistant City Attorney

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# Taxes - State Level

## ▶ Medical Marijuana

- ▶ Sales Tax: 2.9% (regular state sales tax)

## ▶ Retail Marijuana

- ▶ Excise Tax: Up to 15% on unprocessed retail marijuana (cultivations)
  - ▶ Currently set at 15%
- ▶ Sales Tax: Up to 15%
  - ▶ Currently set at 15%
  - ▶ 10% of the collected revenue is distributed to local governments based on their percentage of marijuana retail sales.
  - ▶ Received \$379,790.25 in 2020
  - ▶ Received \$384,598.39 in 2021

\*As of 2021, 18 states and the District of Columbia have legalized the sale of retail marijuana. The tax rates and tax structures vary. Washington state levies a 37 percent sales tax while Massachusetts levies a 10.75 percent special sales tax on top of the state's 6.25 percent general sales tax. Alaska does not have a sales tax but does collect \$50 per ounce of marijuana flower sold.

# Municipal Taxes

## ▶ Medical Marijuana

- ▶ Special Sales Tax: 4.3% per PMC 14-11-3 and Ordinance No. 8208.
  - ▶ Received \$66,296.56 in 2020
  - ▶ Received \$48,262.82 in 2021

## ▶ Retail Marijuana

- ▶ Excise Tax: Up to 15% on unprocessed retail marijuana (cultivations) per PMC 14-12-8 and Ordinance No. 8903.
  - ▶ Currently set at 8% on first sale or transfer per PMC 14-12-2.
  - ▶ Received \$562,805.87 in 2020
  - ▶ Received \$797,702.76 in 2021
- ▶ Special Sales Tax: None. The City may enact a special sales tax only upon voter approval.

\*Regular Sales Tax is also charged on all transactions, which is 3.7%.

# County Excise Tax

- ▶ The County has a 5% Marijuana Excise Tax of the average market rate of unprocessed retail marijuana. This was phased up over four years and is the highest rate it can impose per statute.
- ▶ The City receives no portion of this County tax.

# County Special Sales Tax

- ▶ The County collects a 6% special sales tax on all retail marijuana within its jurisdiction, including the eight (8) retail marijuana stores within the City. Per an amended Intergovernmental Agreement, the County has agreed to share some of that revenue.
- ▶ The City receives 58.33% of all special sales tax revenues collected from the eight (8) retail stores within the City, less a fifteen percent administrative fee. This equates to a 3.5% special sales tax (minus the fee) on those transactions for the City.
- ▶ The remaining 47.67% of the collected revenues are used by the County for law enforcement and detention related purposes, mainly centering on the creation of a new detention center.
- ▶ Marijuana Revenue received from the County:
  - ▶ \$676,277.17 in 2020
  - ▶ \$652,402.53 in 2021
- ▶ If the City were to impose its own special sales tax on retail marijuana (with voter approval), the County would no longer be able to collect its own special sales tax within the city (the eight (8) retail marijuana stores) per C.R.S. 29-2-115. The City could enter into an agreement with the County to allow it to keep collecting its special sales tax within the city. This may affect the County's plans for a new detention center.

# Total Tax Revenue for the City

- ▶ **From Medical in 2020:**

- ▶ \$66,296.56

- ▶ **From Retail in 2020:**

- ▶ \$379,790.25 (Excise Tax from State) + \$562,805.87 (Municipal Excise Tax) + \$676,277.17 (County Sales Tax Agreement)

- ▶ = \$1,618,873.29 in Total

- ▶ **From Medical in 2021:**

- ▶ \$48,262.82

- ▶ **From Retail in 2021:**

- ▶ \$384,598.39 (Excise Tax from State) + \$797,702.76 (Municipal Excise Tax) + \$652,402.53 (County Sales Tax Agreement)

- ▶ = \$1,834,703.68 in Total