

Recreational Marijuana Tax Revenue Forecast – Experience from Colorado




2014 NCSL FISCAL ANALYSTS SEMINAR

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Estimating Marijuana Revenue in Colorado

- Tax structure in Colorado
- Estimating demand
- Supply of marijuana
- Revenue estimates and tax data
- Surprises!




Colorado Tax Structure

	Recreational Marijuana	Medical Marijuana
State Sales Tax (2.9%)	✓	✓
Excise Tax (15.0%)	✓	
Special Sales Tax (10.0%)	✓	



Estimating Demand

- Total market marijuana = price x consumption
- Prices = based on medical marijuana
- Total consumption = MJ users x avg. annual consumption
- Visitor consumption



Estimating Demand

- State Population
- Usage rate from federal survey
 - SAMSHA – Substance Abuse and Mental Health Services Administration, National Survey on Drug Use and Health
- About 500,000 MJ users



Estimating Demand

- Average annual usage
 - survey data – 6.5 ounces per year
- We assumed 3.5 ounces per year

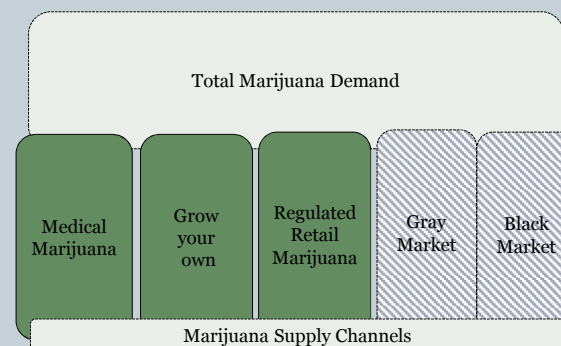


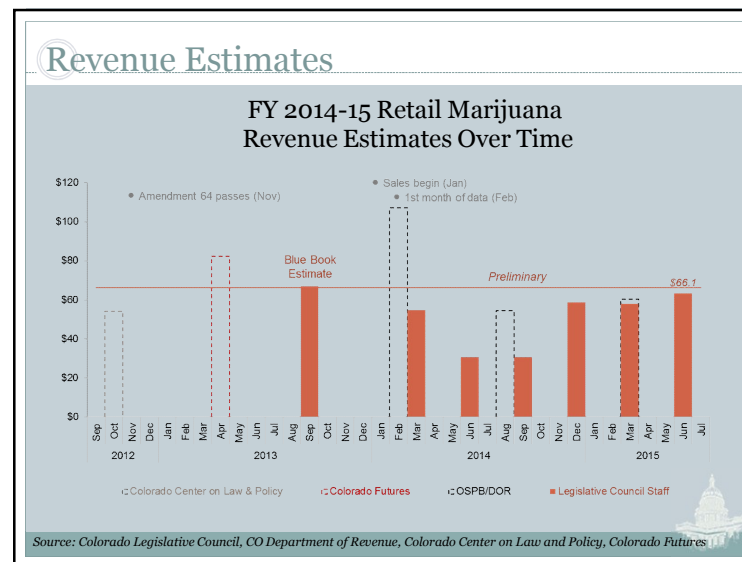
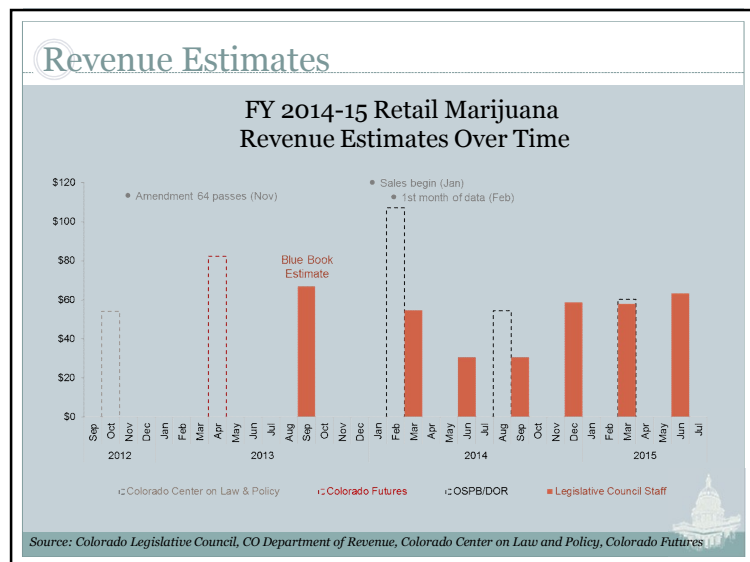
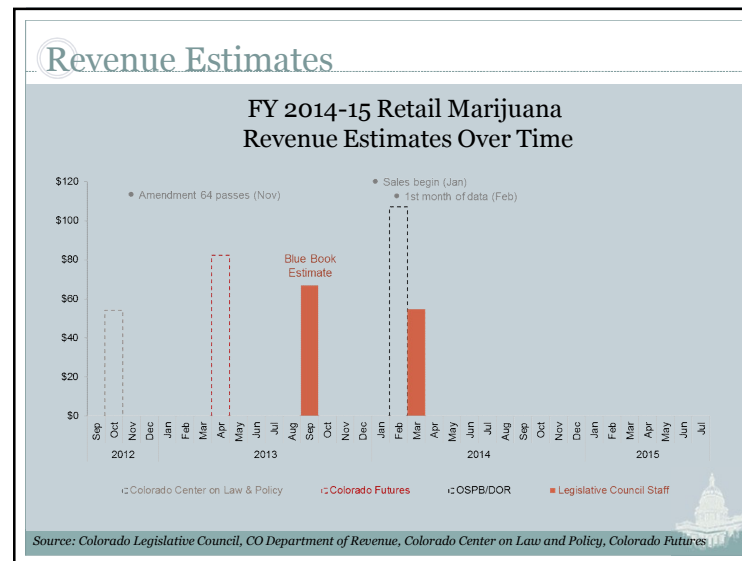
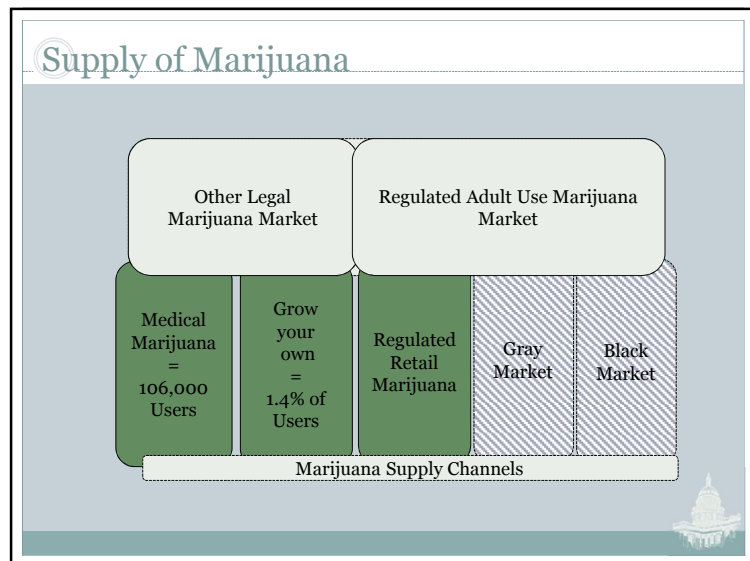
Estimating Demand

- Visitor consumption
 - Colorado visitors x national usage rate x \$20 (1 gram)
 - Visitors to Amsterdam purchased between \$20 and \$40 per visit



Supply of Marijuana





Surprises!

Revenue surprises

- One-time transfer of retail products
- Only some local governments allow retail sales
- Retail marijuana did not cannibalize medical



Surprises!

Other Surprises or Lessons

- Units of consumption
- Labeling and packaging of edibles
- Demand for edibles
- Price differential between retail and medical MJ
- Communicating estimates



Surprises

- Questions?

