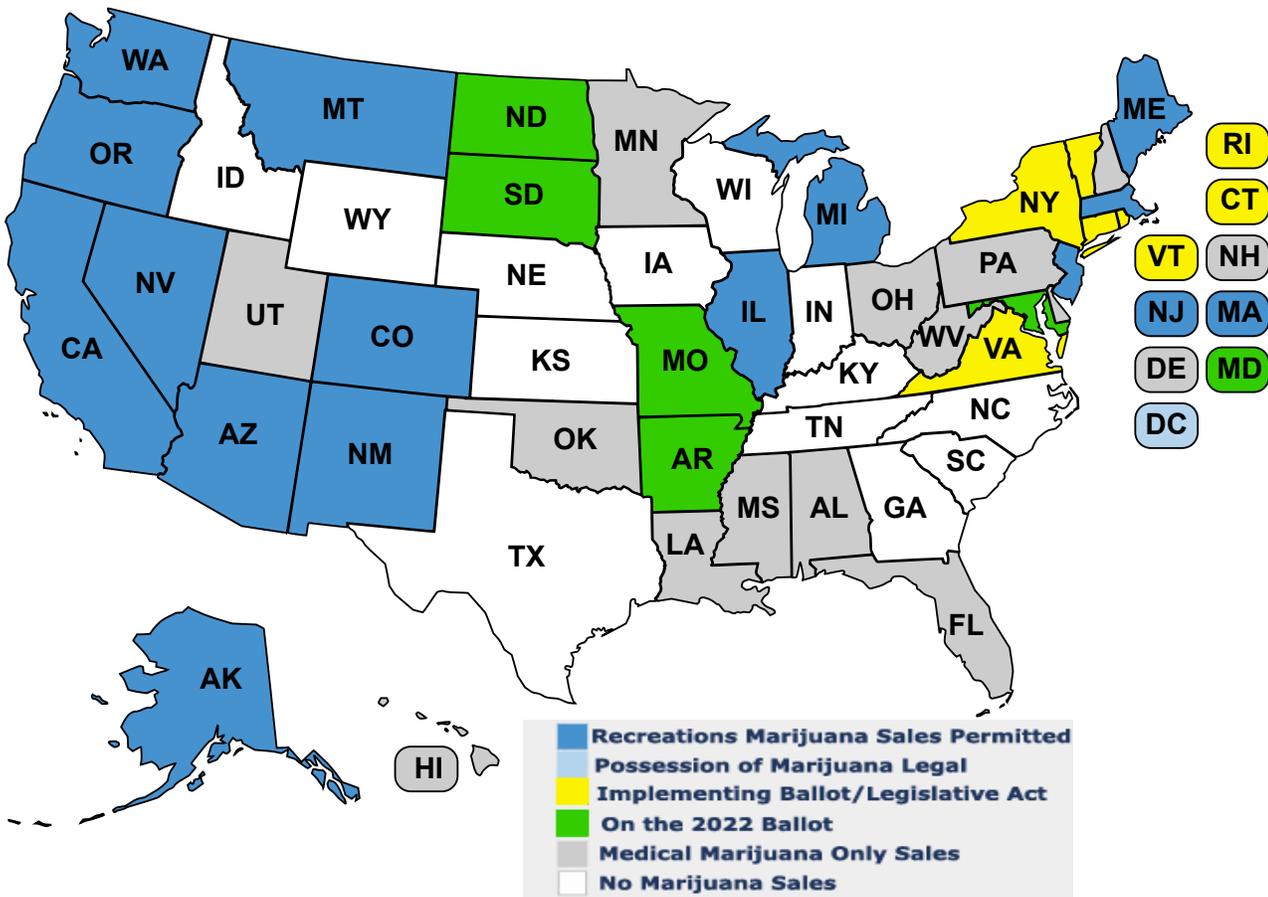


## Status of State Taxation/Sales of Marijuana

[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 - November 17, 2022

## State Marijuana/Cannabis Taxes - 2022

### 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/>
- 

## Arkansas

The Arkansas Marijuana Legalization Initiative was **defeated [44%-56%]** in Arkansas as an initiated constitutional amendment on November 8, 2022. **Votes on the initiative may not be counted pending a supreme court ruling.**

The initiative would legalize the possession and use of up to one ounce of marijuana for persons who are at least 21 years old, enacting a 10% tax on marijuana sales, and requiring the state Alcoholic Beverage Control Division to develop rules to regulate marijuana businesses. Under the amendment, businesses that already hold licenses under the state's medical marijuana program would be authorized to sell marijuana. An additional 40 licenses would be given to businesses chosen by a lottery.

---

## 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: Dept. of Cannabis Control  
<https://cannabis.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>

---

## Connecticut

The Governor has sign SB 1201 providing for the possession and retail sales of recreational marijuana. Possession of up to 1.5 ounces will be allowed beginning July 1, 2021. **Retail sales are expected to begin by the end of 2022**

### Taxes:

- Excise Tax of 0.625 cents per milligram of THC for cannabis flower  
0.9 cents per milligram for other product types  
2.75 cents per milligram for edibles
- 6.35% retail sales tax plus 3% municipal sales tax

### Agencies Administering:

Tracking, Licensing and Taxes: Connecticut Department Consumer Protection  
<https://portal.ct.gov/DCP>

Tax Collections: Connecticut Department of Revenue Services  
<https://portal.ct.gov/DRS>

---

## 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 **started January 1, 2020**. Pritzker signed the bill June 25, 2019.

#### Taxes:

- 7% Tax on Sales to Dispensaries
- Retail Excise Taxes
  - 10% on marijuana with THC level of 35% or less
  - 20% on cannabis-infused 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%202020-12)

---

## 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/>

---

## Maryland

The voters approved Question 4 [67%-33%] on the November 2022 ballot to amend the constitution, which would legalize marijuana for adults 21 year of age or older **beginning in July 2023** and direct the Legislature to pass laws for the use, distribution, regulation and taxation of marijuana.

---

## 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](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.

---

## Missouri

Voters, on the November 2022 ballot, approved [53%-47%] Amendment 3 titled the Marijuana Legalization Initiative. The initiative would legalize the purchase, possession, consumption, use, delivery, manufacturing, and sale of marijuana for personal use for persons who are 21 years old or older; allow individuals convicted of non-violent marijuana-related offenses to petition to be released from incarceration and/or have their records expunged; and impose a 6% tax on the sale of marijuana.

---

## Montana

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

**Taxes:**

- Marijuana and marijuana-infused products would be taxed at 20% of the retail price.  
Local option up to 3%
- Medical marijuana taxed at 4% of retail price

**Agencies Administering:**

The [Montana Department of Revenue](#) would be responsible for regulating the cultivation, manufacture, transport, and sale of marijuana in Montana. <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 began 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 Cannabis Control Division (CCD) in the Regulation & Licensing Department will regulate and issue licenses for cannabis producers and retailers. <https://ccd.rld.state.nm.us>
  - The Taxation and Revenue Department will collect and administer the Cannabis Excise and Gross Receipts [sales] Taxes. <https://www.tax.newmexico.gov>
- 

## New Jersey

New Jersey Marijuana Legalization Amendment was approved on the 2020 ballot [66.9% to 33.1%].  
**Retail sales began April 21, 2022.**

**Taxes:**

- The ballot measure would apply the state sales tax (6.625 percent) to recreational marijuana.
- A Social Equity Excise Fee applies [initially set at 0.3%] will be set in the future by the CRC ranging from \$10 to \$40 per ounce.
- The state Legislature would be authorized to allow local governments to enact an additional 2 percent sales tax on recreational marijuana.

**Agencies Administering:**

- Licensing: Cannabis Regulatory Commission (CRC),  
<https://www.nj.gov/cannabis/>
  - Tax: the state sales tax is administered by the Division of Taxation  
<https://www.nj.gov/treasury/taxation/>
- 

## New York

The legislature has approved and the Governor signed S. 854 which allows for **recreational marijuana sales scheduled to begin April 1, 2022.** [has not started]

**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:**

- Licensing & Regulation: Office of Cannabis Management (OCM)  
<https://cannabis.ny.gov/licensing>
  - Taxes: New York State Department of Taxation and Finance  
<https://www.tax.ny.gov/bus/auc/>
- 

## North Dakota

In November 2022, North Dakota voters **defeated [45%-55%]** an initiated state statute which would legalize the use and possession of up to one ounce of marijuana. The measure would require the Department of Health and Human Services, or another department or agency designated by the state legislature, to establish marijuana regulations, including for the production and distribution of marijuana **by October 1, 2023**. Under the measure, the department could license seven cultivation facilities and 18 marijuana retailers.

---

## 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>

---

## Rhode Island

The Governor sign legislation [H 7593/S 2430] to allow the retail sales of recreational marijuana. While regulations still need to be written, **retail sales are scheduled to begin December 1, 2022**

**Taxes:**

- 10% Excise Tax
- 3% Local Excise Tax
- 7% State Sales Tax

**Agencies Administering:**

Tracking and Licensing: Rhode Island Cannabis Control Commission (to be created)

Taxes: Rhode Island Division of Taxation  
<https://tax.ri.gov>

---

## South Dakota

On November 8, 2022, voters decided **against Measure 27 [47%-53%]**, which would have legalize the possession, distribution and use of marijuana for persons who are at least 21 years of age.

**Previously**, South Dakota Constitutional Amendment A, Marijuana Legalization Initiative was approved on the 2020 ballot [53.4% to 46.6%]. **NOTE: Constitutional Amendment A was declared invalid on November 24, 2021.** A separate provision for Medical Marijuana Legalization still goes into effect.

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: Cannabis Control Board (CCB), <https://ccb.vermont.gov>
- Taxes: Department of Taxes [<https://tax.vermont.gov>] [Vermont Cannabis Tax Guide](#) [April 2022]

---

### 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 <https://www.cannabis.virginia.gov>

---

## 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](https://ballotpedia.org/Marijuana_on_the_ballot#By_year)

[Return to Map View](#)

Source: Federation of Tax Administrators from various sources  
Updated - November 17, 2022