

# REVENUES VS REALITY

## Marijuana tax revenue comes up short.

- Tax revenue from marijuana accounts for less than one percent of state revenues where the drug is “legal.”
- Almost every state that legalized marijuana came up short on initial revenue targets. In Massachusetts, the first year of tax revenue from marijuana sales was less than half of the anticipated \$63M ([Politico](#), 2019).
- Even as marijuana markets grow, research shows tax revenue quickly tapers off ([Pew Trusts](#), 2019).
- Revenue projections are unreliable. As states seek to fill budget gaps, researchers advise against using marijuana tax revenue to fill long-term holes ([Pew Trusts](#), 2019).

State	Percent of Budget*
Colorado	0.90%
California	0.47%
Washington	0.33%
Alaska	0.20%
Oregon	0.13%
Nevada	0.04%

"We get \$200 million a year in tax revenue, which, you know, we're a \$30 billion budget, so it's a drop in the bucket – it's not going to pay for early childhood education or solve any big social ill..."  
(Colorado Governor John Hickenlooper, 2018)

([Centennial Institute](#), 2018)

# \$4.50

The cost for each dollar brought in by marijuana tax revenue in Colorado

"You do not legalize for taxation. It is a myth. You are not going to pave streets. You are not going to be able to pay teachers. The big red herring is the whole thing that the tax revenue will solve a bunch of crises. But it won't."  
(Director, Marijuana Coordination (CO) Andrew Freedman, 2015)

## Taxes on marijuana will not compensate for the deficits in state budgets.

- Colorado, the state with the oldest marijuana market, is the only state in the nation without a rainy-day fund.
- The budget deficits in states with mature marijuana markets comprise a combined \$71B (CA, CO, NV, OR, WA). The tax revenues from marijuana barely combine for \$2.5B.

## The industry wants more.

- While the marijuana tax revenue in California still fails to meet its target, industry proponents are pushing legislators to reduce taxes ([LA Times](#), 2020).
- These tactics are not new: Big Tobacco has been lobbying for tax cuts for decades and has adapted to more stringent policies by strategically aligning with trade groups for convenience stores and grocers, among others ([Tobacco Free Kids](#), 2012). The same will happen with marijuana.

\*Percentages of revenues are rough estimates calculated based on reported figures from individual states.