



Following the Green: Where Does Colorado Cannabis Money Come From?

Colorado state tax revenue from the legal cannabis industry will surpass \$2 Billion in January. That is more than \$2 Billion that has been used to construct and repair schools, support mental health services, reduce opioid addiction, fund public safety and health care resources and education, and countless other programs that benefit families across Colorado.

Tax revenue has continued to outpace projections and yearly tax revenue has increased by 433% since 2014. Many Coloradans, however, still have questions about how much cannabis taxes bring in and where the money goes.

JUST HOW MUCH TAX REVENUE IS COMING IN?

TOTAL STATE REVENUE TO DATE SINCE 2014:

\$2 BILLION IN TAXES AND \$88.7 MILLION IN FEES

Taxes and Fees on the Cultivator and Dispensary

Excise Tax 15%

This tax is imposed when any marijuana is transferred out of a cultivation facility and is paid by the cultivator.

FY 2020
More than \$81 million

OVERALL
\$516 MILLION

Licensing and Application Fees

These are imposed for new and renewing cannabis licenses.

FY 2020
\$7.1 million

OVERALL
\$88.7 MILLION

State Taxes Imposed on Consumers

Recreational Marijuana

Taxed at a 15% special sales tax rate.

FY 2020
More than \$227 million

OVERALL
\$1.21 BILLION

Medical Marijuana

Taxed at the normal state sales rate of 2.9%.

FY 2020
Nearly \$11 million

OVERALL
\$161 MILLION

Local Taxes Imposed on Consumers

Most localities have additional local taxes on marijuana. For example:

- Boulder has a 5% excise tax in addition to the state's 15% excise tax and a 7.3% sales tax rate for recreational marijuana in addition to the state's 15%.
- Denver imposes the standard 4.3% sales tax rate on medical marijuana in addition to the state's 2.9% and an additional 9.81% (standard 4.3% + 5.51%) on recreational marijuana in addition to the state's 15% sales tax.
- Aurora taxes marijuana at 8.75%
- Pueblo County charges a 5% local excise tax on marijuana

This is just an overview of what Colorado small business owners are paying in local and state taxes and fees. This does not even consider dated and burdensome federal tax laws that put the effective federal tax rate for legal cannabis businesses at around 70%. Compare that with a similar small business taxed at 26%.

Where Does Colorado Cannabis Money Go?

Public Education

Excise Taxes: A large chunk of cannabis dollars go back into our public school system. 100% of excise tax funding beginning in 2022 goes to the [B.E.S.T. Public School Capital Construction Assistance Fund](#) to build brand new schools across the state and make critical repairs in existing schools. Marijuana has contributed over \$320 Million dollars to B.E.S.T., making up about 25% of the program's entire budget. The B.E.S.T program has made improvements in 525 schools in nearly every school district across Colorado.

Critical B.E.S.T Projects Funded:

MORE THAN

\$2.2 MILLION

to St Vrain Valley RE 1J School District for Main Street School Renovations in Longmont.

NEARLY

\$36 MILLION

to La Veta RE-2 School District for a brand new Pre-K through 12th grade school in La Veta.

MORE THAN

\$350,000

to Lewis-Palmer 38 to replace the roof at Prairie Winds Elementary in Monument.

The Marijuana Tax Cash Fund

15% Special Marijuana State Sales Tax: 10% of this funding is returned back to localities that have opted into legal cannabis. Of the other 90% of this, about 12% goes to public schools, about 15% is retained in the general fund, and the remainder of this funding goes into the Marijuana Tax Cash Fund.

2.9% Medical Sales Tax: All of this funding goes to the Marijuana Tax Cash Fund.

The marijuana tax cash fund has to be used for priorities Coloradans care about such as health care, health education, mental health and substance abuse prevention and treatment programs, and law enforcement. State legislators determine how this money is allocated.

The Marijuana Tax Cash Fund collected \$188.8 million in FY 2021-22 alone. Below are just a few of the projects in FY 2021-2022.

\$15.3 MILLION

for Affordable Housing Grants and Loans

NEARLY

\$15 MILLION

for School Health Professional Grant Program

MORE THAN

\$4.5 MILLION

for Mental Health Services for Juvenile and Adult Offenders

MORE THAN

\$1.6 MILLION

for Tony Grampas Youth Services Program

MORE THAN

\$15 MILLION

for Increasing Access to Effective Substance Abuse Disorder Service

Marijuana Enforcement and Public Safety

Licensing and Fees: Since 2014, the state has collected \$100.5 Million in licensing and fees. This money goes back into funding the Marijuana Enforcement Division which enforces state rules and regulations for the industry.

Local Projects Funded through Local Taxes and Fees



BOULDER

Boulder receives about **\$5 million annually**, which has allowed the city to provide more nurses and counselors in Boulder Valley Public Schools.

DENVER

In Denver, **\$16 million** has been used to fund youth prevention programs, **\$10 million** has been used to fund after school programs, and **\$9 million** has gone towards affordable housing.

AURORA

Aurora has used over **\$71 million** to build two state of the art recreation centers, the first new centers in almost 40 years. The city also funds homelessness housing and services as well as prevention of youth violence.

PUEBLO

Pueblo has used the tax proceeds to fund over **\$2 million** in scholarships for Pueblo college students in 2021.