

How States Tax Medical Marijuana



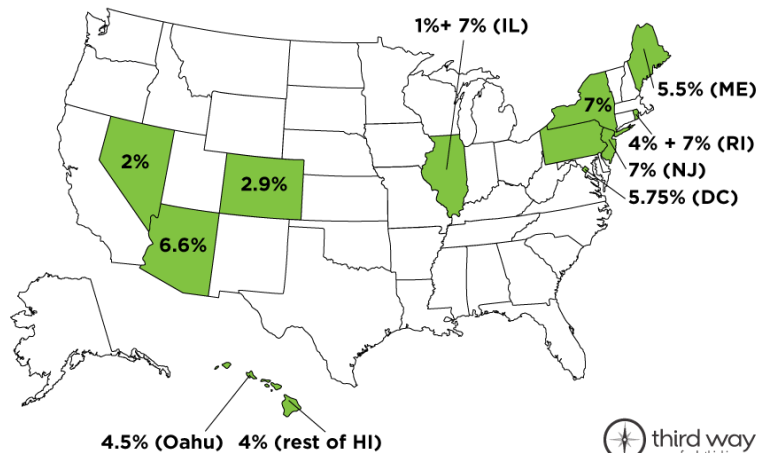
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Since 1996, 28 states and the District of Columbia have legalized the use of marijuana for medical purposes. What those medical marijuana systems look like varies from state to state—including which patients are eligible to participate, whether medical marijuana can be smoked or must only be consumed as an edible or used topically, and whether and how medical marijuana is taxed.

State Medical Marijuana Taxation



Ten states and D.C. have levied some sort of tax on medical marijuana—be it a specific sales tax on medical marijuana paid by the purchaser, an excise or privilege tax paid by the

grower and/or seller, a surcharge paid by the seller, the application of a state-wide pharmaceutical rate, or the application of the same generic sales tax required for the purchase of any good. And while in some of those states, that tax money feeds into the same pot as all other tax revenues, others have carefully allocated it to fund the regulation of their medical marijuana systems, address public health concerns, provide for medical marijuana research, and/or assist law enforcement.

Here's how each state taxes medical marijuana and to what, if anything, that money is specifically allocated:

Arizona	<ul style="list-style-type: none">• 6.6% medical marijuana sales tax. ¹
Colorado	<ul style="list-style-type: none">• 2.9% generic sales tax. ²
Hawaii	<ul style="list-style-type: none">• 4.5% generic excise tax on Oahu. ³• 4% generic excise tax everywhere else. ⁴
Illinois	<ul style="list-style-type: none">• 1% sales tax under the state's pharmaceutical rate. ⁵• 7% privilege tax paid by sellers and growers. ⁶
Maine	<ul style="list-style-type: none">• 5.5% medical marijuana sales tax. ⁷• Allocated to the state's general fund. ⁸
Nevada	<ul style="list-style-type: none">• 2% medical marijuana excise tax. ⁹• 75% allocated to the state's general fund and 25% allocated to run the state's medical marijuana program.
New Jersey	<ul style="list-style-type: none">• 7% generic sales tax. ¹⁰
New York	<ul style="list-style-type: none">• 7% medical marijuana excise tax. ¹¹• Allocated to a state-run medical marijuana trust fund, which is then distributed in part to the counties in which the medical marijuana was manufactured and dispensed, the State Office of Alcoholism and Substance Abuse Services for additional drug abuse prevention, counseling, and treatment services, and to the Division of Criminal Justice Services for the support of related law enforcement measures. ¹²

- Pennsylvania
- 5% medical marijuana excise tax.¹³
 - 55% allocated to the operations of the Department of Health; 10% to drug abuse prevention, counseling, and treatment services provided by the Department of Drug and Alcohol Programs; 30% to research relating to the safety and use of medical marijuana; and 5% to local police departments.
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- Rhode Island
- 4% medical marijuana surcharge paid by the seller.
 - 7% generic sales tax.¹⁴
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- Washington, D.C.
- 5.75% generic sales tax.¹⁵
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Conclusion

The medical marijuana systems and needs of each state are different, and the variety of ways in which they tax medical marijuana reflect that. States are acting responsibly and compassionately to structure their medical marijuana programs—and levy any taxes necessary—in ways that work best for their communities and allow them to effectively regulate a burgeoning new market.

TOPICS

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END NOTES

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