



## ***HB 32: Maryland Adult-Use Cannabis Tax Revenue Projections***

Colorado voters approved legalizing, taxing, and regulating marijuana for adults in November 2012, and adult-use stores opened on January 1, 2014. Colorado's cannabis industry is employing tens of thousands of workers and producing hundreds of millions in annual tax revenue.

We have estimated year-by-year tax revenue for Maryland based on Colorado's annual adult-use sales. In doing so, we've adjusted for Maryland's slightly larger population (6,045,680 vs. 5,758,736) and its slightly lower cannabis use rates pre-legalization (10.19% vs. 10.4% per month).

Delegate Jazz Lewis plans to propose amendments to HB 32, which would revise state excise tax rates as follows: In years 1-2 of adult-use sales, the tax rate would be 15%. It would increase to 20% in years 3-4, and cap at 25% after that. In addition to the excise tax, localities may impose a 3% sales tax. Standard state sales taxes would not apply.

- Over the first five years of legal sales, HB 32 can be expected to generate approximately \$800 million in state tax revenues plus more than \$115 million in local taxes.
- In the fifth year of legal sales alone (starting March 2026), it can be anticipated that HB 32 (as amended) will generate \$296 million in state taxes and \$35 million in local taxes.

<b>Year of Legal Sales</b>	<b>Total Anticipated Retail Sales</b>	<b>State Tax Rate</b>	<b>State Tax Revenue</b>	<b>Local Tax Revenue (3%)</b>
1	\$300,220,263	15%	\$45,033,039	\$9,006,608
2	\$559,696,165	15%	\$83,954,425	\$16,790,885
3	\$825,132,237	20%	\$165,026,447	\$24,753,967
4	\$1,048,399,833	20%	\$209,679,967	\$31,451,995
5	\$1,184,882,989	25%	\$296,220,747	\$35,546,490
6	\$1,694,207,018	25%	\$423,551,755	\$50,826,211