

Marijuana Legalization – Market & Revenue Estimates

In 2015 and 2016, the Vermont Department of Taxes and the Legislative Joint Fiscal Office developed a model to estimate the size of and associated tax revenues of a legal marijuana market in Vermont. It was developed in consultation with the States of Colorado and Washington. Below are key findings from this model and other analyses to inform the Marijuana Subcommittee on Taxation and Regulation. Estimates were derived from data available in 2016 and will need to be updated with new proposals.

Estimated Vermont Taxable Marijuana Retail Sales			
Estimate	Low	Middle	High
Vermont Residents	\$45,231,523	\$55,233,221	\$67,054,080
Traveler	\$8,286,574	\$11,876,151	\$15,951,096
Total Sales	\$53,518,097	\$67,109,372	\$83,005,176

Key drivers of the legal market: 1) Vermont's population, 2) Vermont's age distribution, 3) Marijuana usage rates, 4) annual consumption amounts, 5) Vermont's medical marijuana user population, 6) the rate of home-growing, 7) the price of the product, 8) tourism population, age distribution, usage rates, etc.

S. 241 of 2016: In 2016, the Senate passed S. 241, which would have imposed a 25% excise tax at the retail point of sale. No other tax, including sales tax, would have been imposed.

S.241 of 2016 Estimated Tax Revenues			
Estimate	Low	Middle	High
VT Resident Excise Tax Revenues	\$11,307,881	\$13,808,305	\$16,763,520
Traveler Excise Tax Revenues	\$2,071,644	\$2,969,038	\$3,987,774
Total Revenue Estimate	\$13,379,524	\$16,777,343	\$20,751,294

How much revenue would Vermont raise if it had the same tax structure, experience, and demographics as other legalization states?

	Colorado	Washington	Oregon
Tax Structure	<ul style="list-style-type: none"> ▪ 15% Excise Tax ▪ 10% Retail Tax (changed to 15% this year) ▪ 2.9% sales tax on medical and retail (since repealed) ▪ Local Option Taxes (not included in revenue figures) 	<ul style="list-style-type: none"> ▪ 37% excise tax on retail sale ▪ 6.5% sales tax ▪ Local Option Taxes (not included in revenue figures) 	<ul style="list-style-type: none"> ▪ 17% retail tax ▪ Local Option Taxes (not included in revenue figures)
FY17 State Rev	\$210.4M	\$314.8M	\$70.2M
Scaled to VT	\$23.7M	\$27M	\$11.4M

10/10/2017