

Potential Range of State Sales Tax Revenues from Medical Marijuana End-Users Assuming No Sales Tax Exemptions Apply

The Following Examples Demonstrate a Range that is Generated by Varying Assumptions

Quantity Consumed/ Estimation Approach	UPDATED				
	April 1, 2017 Users	Sales (\$)		State Sales Tax Revenues (\$)	
		\$225/ oz	\$450/ oz	\$225/ oz	\$450/ oz
Annual use of 3.53 oz (100 g)¹ (Illicit Drug Use Pattern, 1.5 gram, 5-6 times/month)					
I. States with medical marijuana laws	440,552	349,908,426	699,816,852	20,994,506	41,989,011
IV. Use by cancer patients	247,689	196,726,988	393,453,977	11,803,619	23,607,239
Annual use of 30 oz (850 g)² (1.5 g 1.6 times per day, all year round)					
I. States with medical marijuana laws	440,552	2,973,726,000	5,947,452,000	178,423,560	356,847,120
IV. Use by cancer patients	247,689	1,671,900,750	3,343,801,500	100,314,045	200,628,090

Sales and tax revenue estimates do not take into account price and non-price effects on consumption.

Estimates are subject to significant uncertainty regarding how legalization will affect production cost, price, and tax evasion.

The varying potencies of marijuana and quantity discounts are not taken into account. The analysis assumes the only product available is the dried flower.

Price data are from Vermont, June 2013, <http://www.wcax.com/story/22679258/vermonts-first-medical-marijuana-dispensaries-open>.

¹ This estimate of quantity consumed is for illegal use of marijuana for recreational purposes and not specifically for medical use. An annual amount consumed is calculated as the product of the average number of days of use and the average quantity consumed per day. Estimates of the average amount of marijuana consumed are very hard to obtain. Research estimates of global marijuana use per person vary between 94 to 116 grams per year. Bouchard, M. ("Towards a Realistic Method to Estimate the Cannabis Production in Industrialized Countries." Contemporary Drug Problems. Vol. 35., July 1, pp. 291-300) estimates Quebec used on average 94 grams in 2003. He suggests a "100-gram-per-user benchmark." Kilmer and Pacula ("Estimating the Size of the Global Drug Market: A Demand-Side Approach—Report 2", Santa Monica, Calif.: RAND Corporation, TR-711-EC, 2009. As of June 28, 2010:

http://www.rand.org/pubs/technical_reports/TR711/) estimate the U.S. average around 93 grams. United Nations Office on Drugs and Crime (2006) uses a weighted average of casual, regular, daily and chronic users to estimate 116 grams per year.

Kilmer et al ("Altered State? Assessing How Marijuana Legalization in California Could Influence Marijuana Consumption and Public Budgets", RAND Corporation, 2010, http://www.rand.org/content/dam/rand/pubs/technical_reports/2009/RAND_TR711.pdf) adopts 100g as average annual amount used for California.

² Connecticut's Department of Consumer Protection possession rule specifies that the maximum allowed monthly amount of medical marijuana is 2.5 oz. This estimate assumes a patient uses the maximum allowed amount every month of the year. <http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=509630>

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