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Marijuana Taxes Could Reach \$28 Billion

By Douglas A. McIntyre May 12, 2016 1:35 pm EDT

What would a mature, legal marijuana market yield in federal, state and local taxes? About \$28 billion per annum, according to the Tax Foundation. The information is in its new study, [Marijuana Legalization and Taxes: Federal Revenue Impact](#).

Some of the major findings:

- Marijuana tax collections in Colorado and Washington have exceeded initial estimates.
- A mature marijuana industry could generate up to \$28 billion in tax revenues for federal, state and local governments, including \$7 billion in federal revenue: \$5.5 billion from business taxes and \$1.5 billion from income and payroll taxes.
- A federal tax of \$23 per pound of product, similar to the federal tax on tobacco, could generate \$500 million per year. Alternatively, a 10% sales surtax could generate \$5.3 billion per year, with higher tax rates collecting proportionately more.
- The reduction of societal risk in being engaged in the marijuana trade, as well as the inclusion of taxes, will combine to reduce profits (and tax collections) somewhat from an initial level after national legalization.
- Society pays all the costs regardless of legality, but tax revenues help offset those costs.

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