



NATIONAL CONFERENCE OF STATE LEGISLATURES

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Handout 3
Recreational Cannabis Revenue Dedication
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Alaska: 25% of the tax collected is deposited in the marijuana education and treatment fund. Another 25% is deposited in the General Fund. 50% goes into the Recidivism Reduction Fund.

Arizona: Marijuana revenues [will be deposited into](#) the Smart and Safe Arizona Fund (SSAF). SSAF monies would first be used to pay administrative costs of certain agencies. The remainder of these monies would then be distributed as follows:

- 33.0% to community colleges
- 31.4% to local law enforcement and fire departments
- 25.4% to the state and local transportation programs
- 10.0% to public health and criminal justice programs
- 0.2% to the Attorney General for enforcement

California: Up to the first 4% of revenue is directed to various state agencies for regulatory costs. The next \$10 million goes to state universities for oversight and research on impacts of implementation and regulation. The next \$3 million goes to the Highway Patrol to establish protocols to determine whether a driver is driving while impaired by cannabis. The next \$10 million (gradually increasing to \$50 million by FY2023) goes to Community Reinvestment programs to support communities disproportionately affected by past federal and state drug policing. The next \$2 million goes to medical cannabis research. Of the remaining funds: 60% to youth education, prevention and treatment; 20% to prevent and clean up damage resulting from illegal growing of cannabis; 20% to state and local law enforcement.

Colorado: The first \$40 million from the 15% tax on average market price goes to the Public School Capital Construction Assistance Fund. Of 15% cannabis-specific sales tax: 90% goes to state government and 10% goes to local governments; the first \$30 million from state government share is deposited in the State Public School Fund, the next 28.15% goes to the General Fund, and the remainder to Marijuana Tax Cash Fund.

Illinois: Revenues are divided among several different sources. First, an amount required to offset administrative/regulatory costs is set aside, as determined by the DOR. Next, a monthly transfer of

funds appropriated to defray costs expungement process, as the state created a pathway for Illinoisians to remove marijuana arrests or convictions from their records. Money is directed towards

State courts, the Illinois Attorney General, the State's Attorneys, Civil legal aid, and Department of State Police.

Of the remainder:

- 2% is transferred to the Drug Treatment Fund
- 8% is transferred to the Local Government Distributive Fund
- 10% shall be transferred to the Budget Stabilization Fund
- 20% is transferred the Department of Human Services' Community Services Fund, to address substance abuse and prevention and mental health concerns.
- 25% of revenues are dedicated to the Restore. Reinvest. Renew. Program, which provides funding to programs in Illinois communities that have been harmed by violence, excessive incarceration, and economic disinvestment.
- 35%, or any remaining balance, are transferred to the General Revenue Fund.

Maine: 12% of cannabis-specific revenue goes to the Adult Use Marijuana Public Health and Safety Fund (PHSF); 12% of general sales tax on cannabis products goes to PHSF as well. The remainder is deposited in the General Fund.

Massachusetts: Marijuana excise tax revenue is dedicated to the [Marijuana Regulation Fund](#). After defraying regulatory costs, money in the fund is directed to: "public and behavioral health including but not limited to, evidence-based and evidence-informed substance use prevention and treatment and substance use early intervention services in a recurring grant for school districts or community coalitions who operate on the strategic prevention framework or similar structure for youth substance use education and prevention; (ii) public safety; (iii) municipal police training; (iv) the Prevention and Wellness Trust Fund (v) programming for restorative justice, jail diversion, workforce development, industry specific technical assistance, and mentoring services for economically-disadvantaged persons in communities disproportionately impacted by high rates of arrest and incarceration for marijuana offenses.

Michigan: First, funds are used for implementation administration, and enforcement. Then there is a \$20 million annual set-aside for clinical trials approved by the FDA. Of the remainder: 35% goes to K-12 education, 35% goes to repair and maintenance of roads and bridges, 15% goes to counties with a retail cannabis store; 15% goes to municipalities with a retail cannabis store.

Montana: Marijuana fees fund program administration and enforcement. Marijuana taxes are directed to the general fund and special revenue accounts for conservation, veterans' services, substance abuse treatment, healthcare, and local governments.

Nevada: Wholesale revenue first covers state and local costs of regulation of the industry. The remainder goes to state public education fund. Cannabis-specific sale price revenue goes to state's rainy-day fund.

New Jersey: Excise fee revenue is deposited in the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund. At least 70 percent of all tax revenues on retail sales of cannabis

items are required to be appropriated for investments, including through grants, loans, reimbursements of expenses, and other financial assistance, in municipalities defined as an "impact zone." Remaining amounts are used for the implementation and regulatory oversight, and to compensate municipalities for the costs of training police officers to detect, identify, and apprehend drug-impaired motor vehicle operators, and pay for the same training costs incurred by the Division of State Police in the Department of Law and Public Safety.

New Mexico: After operational expenses, tax revenue is deposited in the general fund.

New York: Fifty percent of marijuana tax revenue is used to establish the Community Grants Reinvestment Fund, which will provide grants for qualified community-based nonprofit organizations and approved local government entities for the purpose of reinvesting in communities disproportionately affected by past federal and state drug policies. Forty percent of the tax revenue goes to the lottery fund to be used as grants to school districts. Twenty percent goes to the drug treatment and public education fund.

Oregon: First, tax revenues are used to offset program administration costs. Of the remainder, 40% goes to the Common School Fund, 20% goes to mental health, alcohol and drug services, 15% is provided for the state police, 10% to cities, 10% to counties, and 5% for alcohol and drug services.

South Dakota: Tax revenue is first directed to the Revenue Department to cover costs associated with implementing the amendment. 50% of the remaining revenue will fund state public schools and 50% will be deposited in the state's general fund.

Vermont: The sales tax portion of the revenue is allocated to a grant program to start or expand after-school and summer learning programs, with a focus on underserved areas. Fees and penalties are deposited in the cannabis regulation fund and the remainder is deposited in the General Fund. Of the money deposited in the general fund, up to 30% of the cannabis tax revenue must be allocated to substance misuse prevention programming.

Virginia: After accounting for the Cannabis Control Authority's expenses, net profits are appropriated as follows:

- * Forty percent to pre-kindergarten programs for at-risk three-year-olds and four-year-olds;
- * Thirty percent to the newly established Cannabis Equity Reinvestment Fund
- * Twenty-five percent to substance use disorder prevention and treatment programs; and
- * Five percent to public health programs.

According to statute, The Cannabis Equity Reinvestment Fund is used for:

1. Making whole again families and communities historically and disproportionately targeted and affected by drug enforcement;
2. Providing scholarships for the historically marginalized population of youth, particularly in underserved communities, who have been adversely impacted by substance abuse individually or within their families or communities, including the experience of incarceration of a family member convicted of a marijuana offense.
3. Awarding grants to support workforce development, youth mentoring programs, job training and placement efforts, and reentry services that serve persons residing in areas disproportionately impacted by drug enforcement.
4. Contributing to the Virginia Indigent Defense Commission.

5. Contributing to the Virginia Cannabis Equity Business Loan Fund.

Washington: \$240,000 is used for program evaluation and \$1,250,000 goes to to Liquor and Cannabis Board. Then, 15% goes to programs to prevent or reduce substance misuse among young people, 10% goes to cannabis education and public health programs, 0.6% goes to the University of Washington and 0.4% to Washington State University to research short- and long-term impacts of cannabis use, 50% is directed to the state basic health plan trust account, 5% to health and dental care, and 0.3% to building bridges programs. Any remaining revenue is deposited in the General Fund

Sources: Institute on Taxation and Economic Policy, NCSL research