

THE ECONOMIC IMPACT OF MARIJUANA TAXATION AND REGULATION IN COLORADO

Millions of dollars in new revenue and criminal justice savings coupled with job growth

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Colorado's Marijuana Tax and Fee Revenue¹

	2014	2015
<i>Adult-use marijuana tax revenue</i>	\$52,527,917	\$109,128,056
<i>Medical marijuana tax revenue</i>	\$10,886,966	\$11,451,376
<i>Combined marijuana tax revenue</i>	\$63,414,883	\$120,579,432
<i>Adult-use marijuana fee revenue</i>	\$3,705,460	\$4,689,186
<i>Medical marijuana fee revenue</i>	\$9,032,155	\$9,831,845
<i>Combined marijuana fee revenue</i>	\$12,737,615	\$14,521,031
TOTAL MARIJUANA REVENUE	\$76,152,498	\$135,100,463

Job Creation

An economic impact study performed by Jack Strauss, Miller Chair of Applied Economics at the University of Denver Daniels College of Business, found two marijuana businesses generated 280 jobs and \$30 million for the city of Denver, a contribution of “7 times more jobs and output than the average retail store and restaurant”.² As of September 30, 2015, approximately 25,311 people were licensed to work in Colorado’s marijuana industry³ and it is estimated that thousands more are indirectly employed in the marijuana sector but do not touch the plants or products. Cannabis industry jobs that do not require a license include packaging manufacturers, lawyers, accountants, construction, and marketing professionals. Since industry regulation began in 2010, Colorado’s unemployment rate has fallen steadily and reached a nine-year low of 3.5% in December 2015.⁴ Marijuana job growth is likely to be a contributing factor, but causation has not yet been established.

Criminal Justice Savings

From 2010 to 2014, the total number of charges filed for marijuana possession, distribution, and cultivation in Colorado fell from 10,236 to 2,036, a reduction of 80.1% or 8,200 arrests. During this same time period, the number of marijuana possession cases brought before Colorado courts dropped from 8,600 to 1,464.⁵ Considering that each marijuana arrest costs roughly \$300 to adjudicate,⁶ we estimate that Colorado has already saved millions of dollars in court costs alone by no longer bringing minor marijuana possession cases through the criminal justice system.

¹ <https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data>

² Strauss, Jack. 2014. “The Economic Impact of Colorado Harvest Company and Evergreen Apothecary on the Denver Region and Colorado,” Denver, CO.

³ MED 2015 Third Quarter Update. Published January 28, 2016.

⁴ <https://www.colorado.gov/pacific/sites/default/files/FINAL%20Third%20Quarter%202015%20Update.pdf>

⁵ “December 2015 Colorado Employment Situation”, Colorado Department of Labor and Employment. <https://www.colorado.gov/pacific/cdle/news/december-2015-colorado-employment-situation>

⁶ Gettman, Jon. “Marijuana Arrests in Colorado After the Passage of Amendment 64,” *Drug Policy Alliance*. New York, NY.

http://www.drugpolicy.org/sites/default/files/Colorado_Marijuana_Arrests_After_Amendment_64.pdf

⁶ “Status Report: Marijuana Legalization in Colorado After One Year of Retail Sales and Two Years of Decriminalization,” *Drug Policy Alliance*. New York, NY. https://www.drugpolicy.org/sites/default/files/Colorado_Marijuana_Legalization_One_Year_Status_Report.pdf