NEWS RELEASE

For immediate release: September 28, 2017
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July marijuana sales generated $3.68 million in tax revenue

CARSON CITY – The Nevada Department of Taxation reports that marijuana sales generated $3.68 million in tax revenue during July 2017, the first month of adult-use marijuana sales in the state. That total includes tax revenue from both medical and adult-use marijuana and is from two different taxes.

The 15 percent wholesale tax, which is paid by both medical and adult-use (recreational) cultivators, brought in $974,060 in July. The revenue goes to Nevada schools, via the distributive school account, after administrative costs for the Department and local governments. The 15 percent wholesale tax is projected to bring in $56.2 million dollars over the next two years.

The 10 percent retail tax, which is applied to sales of adult-use marijuana to consumers, brought in $2.71 million in July. That revenue goes to the state rainy day fund and is expected to generate $63.5 million over the next two years.

The 15 percent wholesale tax was included in Ballot Question 2 for adult-use marijuana, and the 2017 legislature changed the medical marijuana tax structure from 2 percent at each sale to the 15 percent on sales by cultivators. The 10 percent retail tax was proposed in January 2017 by Gov. Sandoval, who originally earmarked the funds for schools. During the 2017 legislative session, it was determined that the money would go to the rainy day fund.

In addition to the tax revenue from July, the Department also reports that license and application fees paid by businesses getting licenses to operate adult-use marijuana establishments have, to date, generated $6.5 million in state revenue. This revenue, like the 15 percent excise tax, goes to schools, after administrative costs are deducted.

In total, the Department of Taxation has received 333 applications for adult-marijuana establishment licenses and has issued 250 licenses, including 53 retail stores, 92 cultivation facilities, 65 product manufacturing facilities, 9 testing labs, and 31 distributors. Of those 250 licenses issued, 203 are located in Clark County with the remaining distributed in Carson City and Nye and Washoe Counties. The application fee is $5,000 and license fees range from $10,000 to $30,000.

Possession of up to one ounce of marijuana for adults 21 and older became legal on Jan. 1, 2017, after Nevada voters passed Ballot Question 2 in Nov. 2016. Ballot Question 2 assigned responsibility to the Department of Taxation for licensing, regulating, and taxing the adult-marijuana industry. The 2017 Nevada legislature transferred the medical marijuana program from the Division of Public and Behavioral Health to the Department of Taxation, consolidating all state marijuana regulation under one agency. First legal sales of adult-use marijuana began in Nevada on July 1, 2017.

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