

Colorado Cannabis Revenue Surpasses \$1 Billion Since Legalization

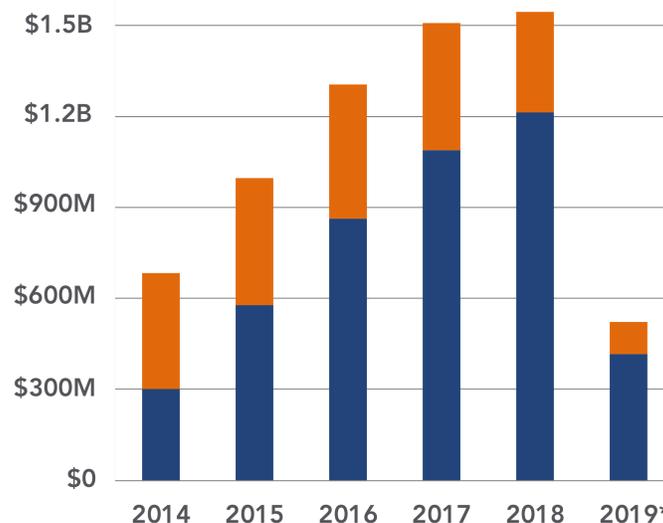
A brief analysis of the first 64 months of cannabis sales and revenue under Amendment 64

On November 6, 2012, Colorado voters approved Amendment 64, a citizen-initiated ballot measure intended to legalize, regulate, and tax cannabis for adult use. Cannabis officially became legal for adults 21 and older on December 10, 2012, and regulated adult cannabis sales commenced January 1, 2014. Since then, more than \$6.56 billion in regulated cannabis sales have taken place in the state, including more than \$4.46 billion in adult-use sales and nearly \$2.1 billion in medical sales.

Regulated Cannabis Sales in Colorado

Source: Colorado Department of Revenue * Through April 30, 2019

	Adult-use	Medical	TOTAL
2014	\$303,239,699	\$380,284,040	\$683,523,739
2015	\$577,536,343	\$418,054,912	\$995,591,255
2016	\$861,587,411	\$445,616,062	\$1,307,203,473
2017	\$1,091,185,437	\$416,516,782	\$1,507,702,219
2018	\$1,213,517,589	\$332,173,492	\$1,545,691,081
2019*	\$416,775,125	\$105,804,782	\$522,579,907
2014-19*	\$4,463,841,604	\$2,098,450,070	\$6,562,291,674



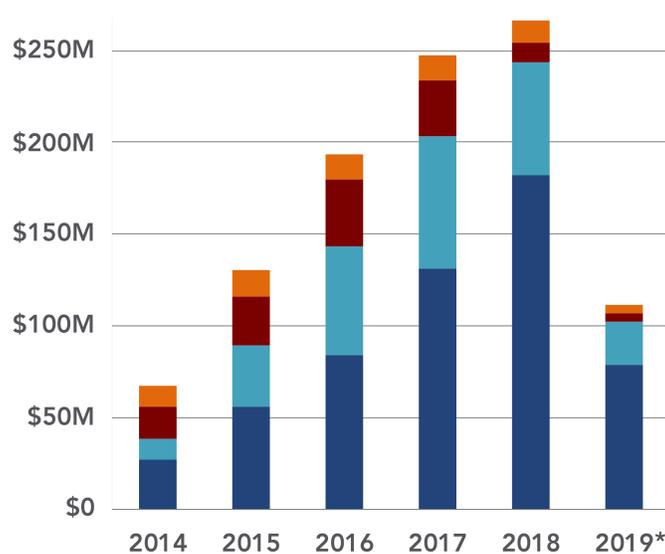
Since January 1, 2014, the Colorado Department of Revenue has collected \$1.02 billion in cannabis-related taxes and fees. This does not include hundreds of millions of dollars in additional cannabis-related taxes and fees collected by local governments.

From January 1, 2014-June 30, 2017, revenues were derived from a 10% special sales tax on retail sales of adult-use cannabis; a 15% excise tax on wholesale transfers of adult-use cannabis; the standard 2.9% state sales tax on adult-use and medical cannabis sales; and the license and application fees paid by adult-use and medical cannabis businesses. On July 1, 2017, adult-use cannabis became exempt from the standard 2.9% state sales tax, and the special sales tax on retail sales of adult-use cannabis increased from 10% to 15%.

State Cannabis Tax and Fee Revenue in Colorado

Source: Colorado Department of Revenue * Through April 30, 2019

	Special Sales Tax	Excise Tax	Standard Sales Tax	Licenses + Fees	TOTAL
2014	\$26,892,567	\$11,375,269	\$17,834,803	\$11,491,688	\$67,594,327
2015	\$55,616,540	\$33,417,833	\$26,968,987	\$14,407,811	\$130,411,171
2016	\$83,750,123	\$59,420,537	\$36,448,957	\$13,985,195	\$193,604,812
2017	\$131,512,818	\$71,965,028	\$30,536,901	\$13,353,727	\$247,368,474
2018	\$181,854,222	\$61,612,670	\$10,828,237	\$12,234,510	\$266,529,639
2019*	\$78,732,245	\$23,675,816	\$4,345,250	\$4,858,409	\$111,611,720
2014-19*	\$558,358,515	\$261,467,153	\$126,963,135	\$70,331,340	\$1,017,120,143



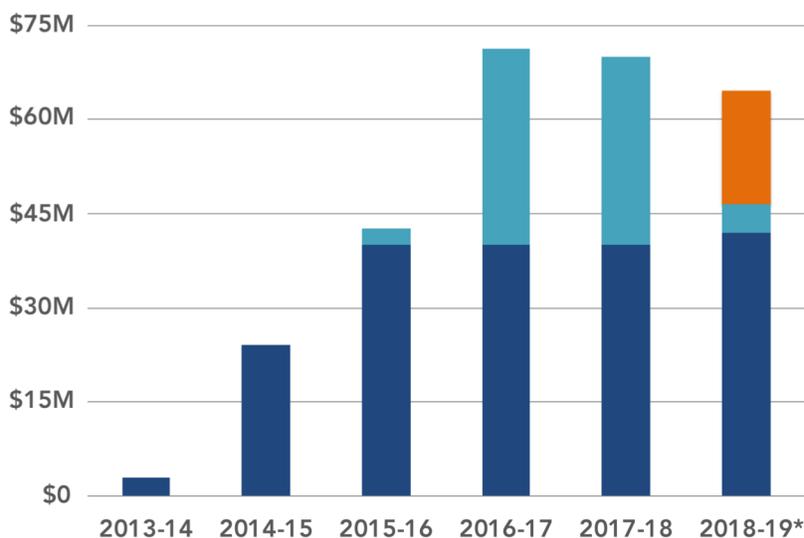
Amendment 64 promised voters that regulating cannabis for adult use would generate tax revenue to benefit Colorado schools. It directed the Legislature to enact an excise tax on wholesale transfers of adult-use cannabis and required the first \$40 million raised each year be deposited in the Public School Capital Construction Assistance Fund. This fund supports the Building Excellent Schools Today (BEST) grant program, which helps to pay for school construction projects. Additional funds raised by this tax are deposited in the Public School Fund.

This excise tax on adult-use cannabis has raised more than \$194 million to support public school construction projects via the BEST grant program. It has produced an additional \$69 million in funds for the Public School Fund. In FY 2018-19, the state began depositing a portion of the revenue raised by the special sales tax on adult-use cannabis in a separate State Public School Construction Fund. Nearly \$20 million has been raised for this fund in the first 10 months of FY 2018-19.

Colorado Cannabis Tax Revenue Dedicated to K-12 Schools

** Through April 30, 2019*

	Public School Capital Construction Assistance Fund	Public School (Permanent) Fund	State Public School Fund	TOTAL
FY2013-14	\$3,014,839	\$0	–	\$3,014,839
FY2014-15	\$23,995,775	\$0	–	\$23,995,775
FY2015-16	\$40,000,000	\$2,630,840	–	\$42,630,840
FY2016-17	\$40,000,000	\$31,423,109	–	\$71,423,109
FY2017-18	\$40,000,000	\$30,000,000	–	\$70,000,000
FY2018-19*	\$47,198,140	\$5,244,238	\$19,785,145	\$72,227,523
2014-19*	\$194,208,754	\$69,298,187	\$19,785,145	\$283,292,086

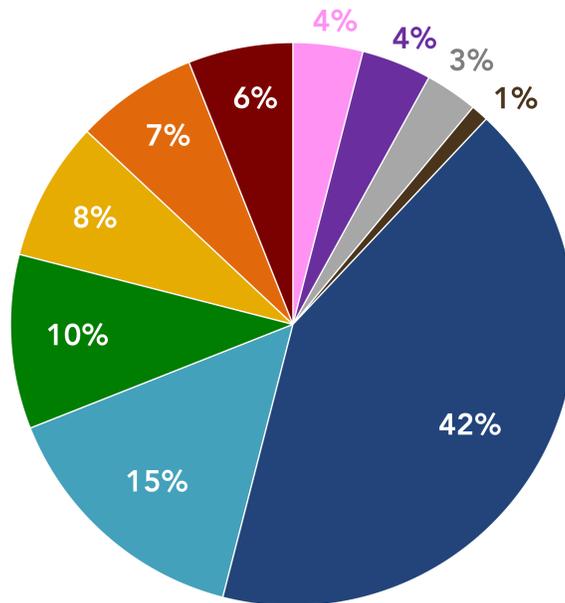


Overview of State Cannabis Revenue Allocation

Analysis based on Joint Budget Committee Appropriations Report Fiscal Year 2018-19

NOTE: The allocation to Local Governments represents the local share (10%) of the 15% special sales tax on adult-use cannabis sales collected from July 2018-April 2019.

K-12 Schools	42%
Substance Abuse Treatment + Prevention	15%
Additional Public Health + Human Services	10%
Local Governments	8%
Affordable Housing	7%
Cannabis Regulation	6%
Diversion Programs	4%
Miscellaneous	4%
Research + Surveys	3%
Additional Youth Services + Programs	1%



About Vicente Sederberg LLP:

Vicente Sederberg LLP (VS) is one of the nation's leading firms specializing in cannabis law and policy. It offers a full suite of services for all types of marijuana and hemp businesses, ancillary businesses, investors, trade associations, and governmental bodies. The firm is headquartered in Denver and has offices in Boston, Jacksonville, Los Angeles, and New York.

Since its founding in 2010, VS has helped shape marijuana and hemp laws and policies across the U.S. and around the world. It has also assisted clients in obtaining cannabis business licenses in 20 states. VS was recognized by Rolling Stone magazine as "the country's first powerhouse marijuana law firm," and six of the firm's partners have been featured in the National Law Journal's list of "Cannabis Law Trailblazers."

Please direct questions and comments about this report to:

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