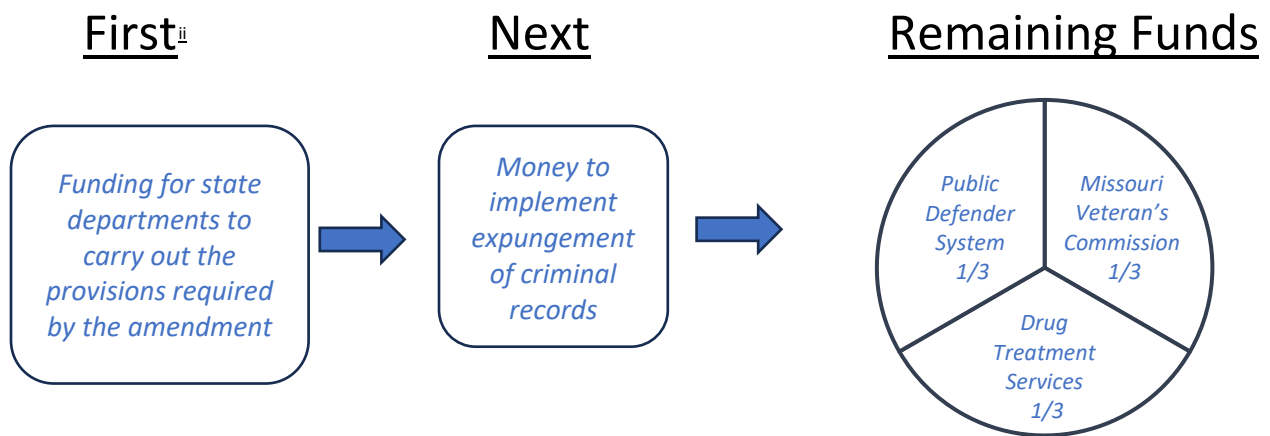


Overview of Missouri’s Recreational Marijuana Tax Revenue

In February 2023, sales of recreational marijuana became legal in Missouri following voter approval of a state constitutional amendment that legalized marijuana for Missouri residents over age 21. This amendment included a six percent state sales tax on recreational marijuana.ⁱ While this is a new source of revenue for the state, these dollars are not part of the state’s general revenue fund.

Instead, the amendment created the Veterans, Health, and Community Reinvestment Fund to house the revenue collected and distribute it in the following order:



Based on the pace of current sales, Missouri Budget Project estimates approximately \$69.4 million will be collected through this tax annually.ⁱⁱⁱ

Local Tax Revenue. Localities in Missouri are allowed to place an additional three percent tax on recreational marijuana through a vote of the people.^{iv} Unlike the state tax revenue, this revenue is not limited to specific purposes. Several counties and cities in Missouri have “stacked” these taxes, meaning that both the city and county levy separate three percent taxes on recreational marijuana, for a total of six percent in local taxes. Court cases that will determine the legality of “stacking” these taxes are in process.

Note Regarding Medical Marijuana: The approval of recreational marijuana sales did not change rules regarding the sale or taxation of medical marijuana, which will continue to be taxed at a rate of four percent. A portion of revenue collected through the medical marijuana tax goes to the Department of Revenue and the Department of Health and Human Services to cover the cost of implementation, with the remainder earmarked for the Missouri Veterans Commission to provide services to veterans including operating and maintaining veterans’ homes, health, mental health, training and education, and housing assistance.

Notes:

ⁱ In November 2022, Missouri voters approved Amendment 3, which amended the state constitution and enacted Article XIV, Section 2 governing marijuana legalization, regulation, and taxation. Information about the ballot measure can be found at <https://www.sos.mo.gov/elections/petitions/2022BallotMeasures> and full amendment language can be seen at <https://www.sos.mo.gov/CMSImages/Elections/Petitions/2022-059.pdf>

ⁱⁱ DOR may retain no more than two percent of the tax collection or actual collection costs (whichever is less) before depositing collections into the fund for distribution; additional appropriations will be made to state agencies to cover the cost of implementing the provisions of the amendment.

ⁱⁱⁱ MBP derives an estimate of \$69.44 million annual revenue from annual estimated sales of \$1.157 billion. The annual estimate is based on average monthly sales of \$96.45 million from March – December 2023 (the months with legal marijuana sales in place for the full month). Monthly and Cumulative Marijuana Sales, Missouri Department of Health and Senior Services. Available at: <https://health.mo.gov/safety/cannabis/img/cumulative-monthly-sales.jpg>

^{iv} MO Constitution, Article XIV, Section 2.6(5), which can be found at: <https://revisor.mo.gov/main/OneSection.aspx?section=XIV%20%20%202&constit=y>