FY 2027-28 Budget Briefing Summary

Marijuana Revenue

The State collects three types of taxes on marijuana products: (1) a special sales tax on retail marijuana, which accounts for the majority of annual marijuana tax revenues; (2) an excise tax on wholesale transfers of retail marijuana that supports uses related to K-12 education; and (3) the State's regular sales tax, which applies to medical marijuana and some non-marijuana products.

Colorado's marijuana tax revenues have declined substantially, falling from a peak of $424 million in FY 2020-21 to $220 million in FY 2025-26, a decrease of approximately 48 percent. The September 2026 revenue forecasts reflect a markedly more subdued outlook than earlier projections. Over just six months, OSPB reduced its revenue projections by $23 million (9.8 percent) for FY 2026-27 and $28 million (11.5 percent) for FY 2027-28. Both OSPB and Legislative Council Staff now anticipate that collections will stabilize at substantially lower levels, with only modest growth expected in subsequent years. This represents a significant shift from earlier forecasts that anticipated a robust industry recovery.

The revised revenue outlook presents ongoing challenges for programs supported by the Marijuana Tax Cash Fund (MTCF). Although recent statutory changes have redirected a greater share of marijuana tax revenue to the MTCF, these adjustments do not increase overall collections or address the underlying structural challenges facing the industry. Given the subdued revenue outlook and continued uncertainty surrounding market conditions, staff recommends that MTCF-related budget decisions be based on the March 2027 revenue forecast selected for balancing the FY 2027-28 budget.

For More Information

JBC Staff Analyst:

Jon Catlett

(303) 866-4386

jon.catlett@coleg.gov

To read the entire briefing: Go to content.leg.colorado.gov/content/budget#budget-documents-section to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2026.