

# Pritzker Administration Announces Revenue Figures For First Month Of Adult Use Cannabis

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SPRINGFIELD - The Illinois Department of Revenue announced that adult-use cannabis sales generated \$7,332,058 in cannabis tax revenue during the month of January, with an additional \$3,147,928.29 generated in retail sales tax revenue. Governor Pritzker's recently released budget conservatively estimated the state would collect \$28 million in cannabis tax revenue during the remainder of the fiscal year, ending June 30, 2020. Today's announcement puts the state on track to surpass that estimate.

Once administrative fees are accounted for, 45% of the adult-use cannabis tax revenue will be reinvested in communities disproportionately impacted by the failed war on

drugs and used to fund substance abuse and mental health programs. The \$3,147,928.29 in sales tax revenue will be divided between the state's general revenue fund and the local governments where purchases were made.

“Today marks another milestone in the successful launch of Illinois’ legal cannabis industry. Our goal has been to build the nation’s most socially equitable program that includes new opportunities for the communities most harmed by the failed war on drugs. Revenue raised in this first month will soon begin flowing back into those communities to begin repairing the damage done by the failed policies of the past and creating new opportunities for those who have been left behind for far too long,” said Toi Hutchinson, Senior Advisor to Governor Pritzker for Cannabis Control.

The state collects cannabis revenue in two ways: a variable excise rate dependent on THC potency and type of product, and a 7% cultivators excise tax imposed on the sale of cannabis to retailers. Earlier this month, the state announced that over \$39 million in adult-use cannabis product was sold at retail stores.

Last Wednesday, Governor Pritzker released his Fiscal Year 2021 budget, which projected cannabis sales would generate \$28 million in cannabis tax revenue for the remainder of Fiscal Year 2020 (ending June 30, 2020). As the industry matures, revenues are estimated to grow to \$127 million in FY21, of which \$46 million will go to General Funds.

Background:

## CANNABIS TAX RATES

- Cannabis Cultivation Privilege Tax:

- o 7% of the gross receipts from the sale of cannabis by a cultivator or a craft grower to a dispensing organization

- Cannabis Purchaser Excise Tax:

- o 10% of the purchase price - Cannabis with a THC level at or below 35%

- o 20% of the purchase price - All cannabis infused products

- o 25% of the purchase price - Cannabis with a THC level above 35%

- o This tax is not imposed on cannabis that is subject to tax under the Compassionate Use of Medical Cannabis Pilot Program Act.

## ALLOCATION OF STATE REVENUE

- Minus administrative costs, the remaining state revenue will be allocated as follows:
  - o 35% for the General Revenue Fund,
  - o 25% for the Criminal Justice Information Projects Fund to support the R3 program,
  - o 20% for the Department of Human Services Community Services Fund to address substance abuse and prevention, and mental health concerns,
  - o 10% for the Budget Stabilization Fund to pay the backlog of unpaid bills,
  - o 8% for the Local Government Distributive Fund to support crime prevention programs, training, and interdiction efforts, including detection, enforcement, and prevention efforts, relating to the illegal cannabis market and driving under the influence of cannabis, and
  - o 2% for the Drug Treatment Fund to fund public education campaigns and to support data collection and analysis of the public health impacts of legalizing the recreational use of cannabis.