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Tax Lawyer Wood: Marijuana Tax Revenue Will Be Disappointing in Colorado

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By: Dan Weil

The legalization of marijuana in several states sparked bold talk of a tax windfall for their governments. In Colorado, for example, officials in the governor's office estimated less than a year ago that recreational marijuana tax revenue would total \$100 million in the first fiscal year.

"But that was then. In reality, legit sales are slower than expected," [San Francisco-based tax lawyer Robert Wood writes in an article for Forbes](#).

"Colorado economists were more conservative than the governor, estimating \$67 million in taxes for the year. But recently they revised even that figure downward with a more tepid forecast that calls for \$58.7 million in tax revenue from recreational marijuana."

One reason for this is that the lofty taxes for recreational marijuana make medical marijuana more attractive to buyers. "And then there are illegal sales from suppliers who are still in business," Wood says.

Still, many argue that the impact of marijuana legalization could be huge for the economy. A fully legalized national marijuana market would total \$10 billion to \$40 billion a year, experts say.

"A legal marketplace for marijuana will likely replicate the current distribution system for alcohol and be sold in stores with special permits," writes [Dan Schneider of Dollars & Sense](#).

Meanwhile, [John Hudak, a fellow at the Brookings Institution](#), put together a list of eight marijuana policy issues to watch this year.

- Oregon, Alaska Plan & Prepare for Legal Marijuana.
- Identifying the Next States to Legalize Marijuana.
- Cannabis Policy & State Legislative Action.
- Cannabis & the Courts.
- Answers to Questions about Washington, D.C.'s Marijuana Policy.
- Colorado & Washington (& Uruguay) Continue Legalization.
- Data, Data, Data
- Presidential Candidates & Cannabis.