**Fiscal Facts: Medical Marijuana Unlikely To Be Revenue Windfall for State**

If marijuana is legalized for medical purposes in Wisconsin, then taxed and made widely available, it remains unlikely that it would provide a transformative source of revenue for the state, [according to recent research by the Wisconsin Policy Forum](https://wispolicyforum.org/research/clearing-the-air-what-can-wisconsin-learn-from-medical-marijuana-laws-in-other-states/).

This is one reason our research suggests state policymakers may wish to consider the pros and cons of legalizing medical marijuana on their own terms, rather than in the context of other policy changes or objectives.

Wisconsin has seen renewed debate in 2019 about legalizing medical marijuana. Now almost entirely surrounded by states where marijuana is legal in medical or recreational form, Wisconsin is at a crossroads, with some — thought not all — state leaders in both parties signaling interest in a potential medical marijuana law here.

Some supporters of the move have touted a potential revenue infusion for the state from taxing the sale of medical marijuana, and from fees paid by users and businesses engaged in growing or selling the drug. While many states do not publish figures on tax revenue derived specifically from the sale of medical marijuana, insights can be gained from a few that do.

* Oklahoma’s medical marijuana law is perhaps the most permissive — and may allow for the most widespread access — of any state that sanctions only medical use of the drug. In its first year of implementation, the Oklahoma Medical Marijuana Authority collected $15 million from patient license fees, $20.6 million from commercial business fees, and just $7.9 million from tax revenue. The state applies its 4.5% state sales tax plus local sales taxes and a 7% excise tax.
* Arkansas estimated about $2.5 million annually in revenue from applying its 6.5% state sales tax to medical marijuana purchases.
* New Mexico projected a loss of about $10.8 million in revenue in fiscal year 2020 if medical marijuana was removed from the base of the state gross receipts tax.
* Data from the Pennsylvania Department of Revenue show the state received “just over $1 million” from a 5% gross receipts tax on producers in 2018.

As can be seen with these states, the notion that revenue from the taxation of medical marijuana can be “transformational” for state budgets is misplaced, though that may not be the case for recreational marijuana.

This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at [*wispolicyforum.org*](http://wispolicyforum.org/).