

2020 Contributions of the Washington Cannabis Sector: a fiscal summary

March 26th, 2021

Tim Nadreau, Ph.D.
WSU IMPACT Center



IMPACT Center
WASHINGTON STATE UNIVERSITY

Background

- What this Study is *not*
 - Cost/Benefit and Cost/Effectiveness Analyses
 - Welfare Analysis
 - Economic Base Assessment
- What this study is
 - Contribution and Impact Analyses
 - Results should be thought of in terms of GSP not sales

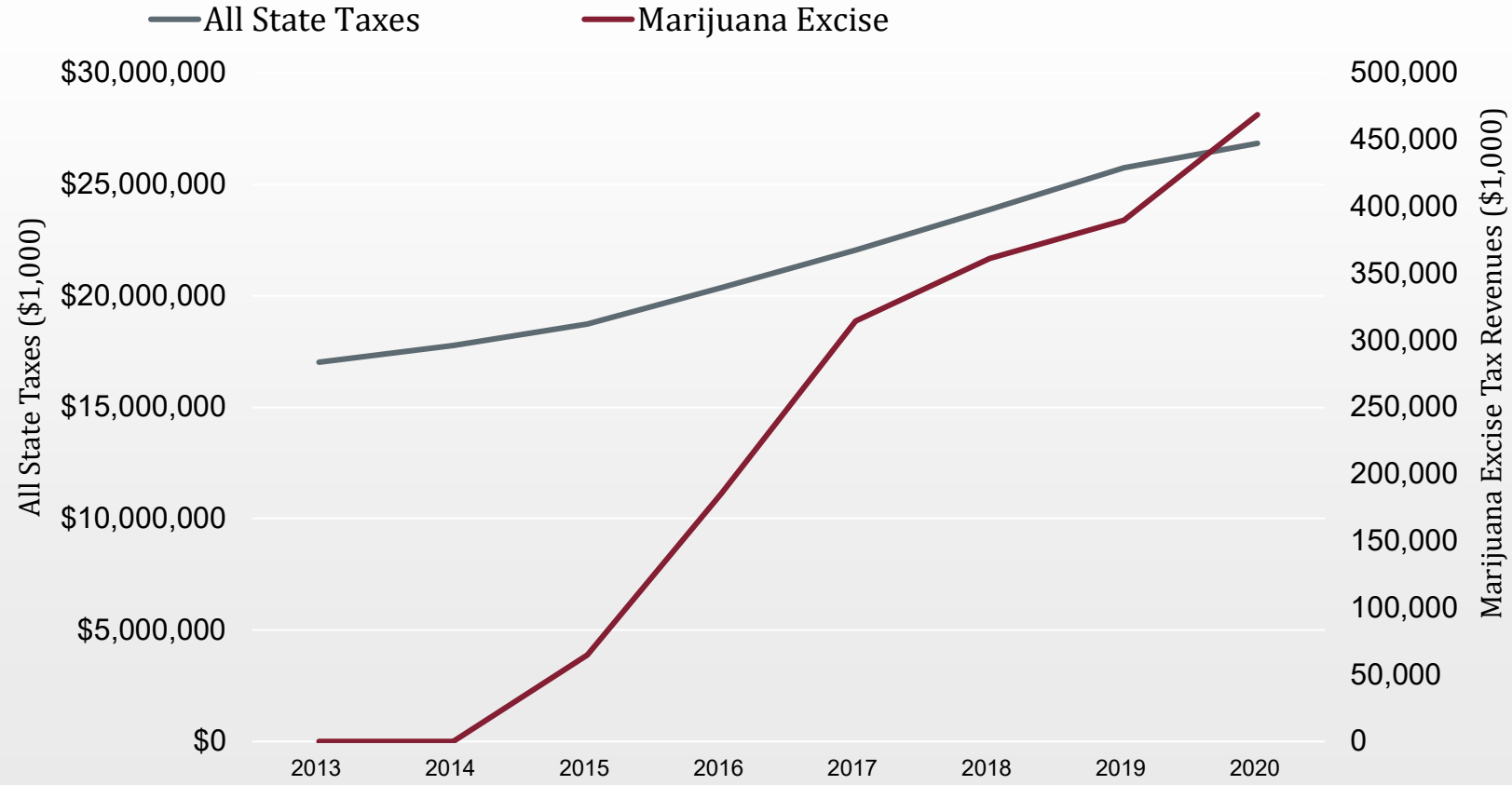
Research Questions

1. What were the 2020 baseline contributions of the Cannabis Sector?
2. What were the total unique fiscal contributions of the Cannabis Sector?
3. How might HB-1019 alter these baseline projections?

Sector Overview

Year	Producer	Processor	Retailer	Total
2015	\$5,123,788	\$74,767,452	\$179,631,082	\$259,522,322
2016	\$29,777,309	\$254,698,477	\$501,973,814	\$786,449,599
2017	\$67,767,203	\$453,092,827	\$850,935,821	\$1,371,795,851
2018	\$85,582,398	\$534,889,985	\$972,527,246	\$1,592,999,628
2019	\$92,161,353	\$576,008,455	\$1,047,288,100	\$1,715,457,908
2020	\$111,427,728	\$696,423,297	\$1,266,224,177	\$2,074,075,202

Sector Overview



Sector Overview

*All values in \$1,000

	2015	2020	Percent Change
ALL STATE TAXES	\$18,723,684	\$26,834,601	43%
General & Selective Sales Taxes	11,027,341	15,039,002	37%
Retail Sales	8,255,132	11,357,457	38%
Use	592,857	728,483	23%
Motor Fuels	1,230,139	1,565,036	27%
Liquor Sales	132,646	184,259	39%
Liquor Liter	142,137	174,505	23%
Beer Excise	30,717	30,058	-2%
Wine Excise	24,037	26,461	10%
Marijuana Excise	64,881	468,810	622.6%
Cigarette	398,823	324,855	-19%
Tobacco Products	46,517	53,061	14%
Vapor Products	0	5,635	
Solid Waste Collection	40,047	54,253	35%
Wood Stove Fee	205	220	7%
Brokered Natural Gas	28,076	23,116	-18%
Rental Car	29,218	31,663	8%
Shared Tribal Cigarette Taxes	8,078	6,495	-20%
Replacement Vehicle Tire Fee	3,713	4,232	14%
Studded Tire Fee	0	307	
Derelict Vessel Fee	118	97	-18%

Research Question #1: Baseline Contributions

		Producers as Consumers					Final Demand				
		Agric.	Min.	Const.	Manuf.	Services	Other	Households	Investment	Government	Net exports
Producers	Agric.										
	Min.										
	Const.										
	Manuf.										
	Services										
	Other										
Value Added	Labor							Gross Domestic Product			
	Returns to Capital										
	Taxes										

Research Question #1: Baseline Contributions

Industries	GSP	Income	Employment
Owner-occupied dwellings	\$102,332,470	\$29,206,835	506
* Employment and payroll of local govt, education	\$65,914,915	\$56,183,148	590
* Employment and payroll of local govt, non-education	\$56,915,793	\$49,934,501	572
Internet publishing and broadcasting and web search portals	\$45,002,307	\$36,267,813	259
* Employment and payroll of state govt, non-education	\$35,354,637	\$30,104,939	389
Hospitals	\$34,712,156	\$31,542,104	702
* Employment and payroll of state govt, education	\$21,848,161	\$18,662,021	193
Limited-service restaurants	\$19,654,034	\$12,787,755	374
Warehousing and storage	\$17,842,648	\$9,888,307	179
Management of companies and enterprises	\$16,302,815	\$45,698,071	606
Legal services	\$15,141,832	\$9,046,276	123
Truck transportation	\$10,395,935	\$8,024,268	390
Data processing, hosting, and related services	\$10,273,685	\$6,898,744	62
Accounting, tax preparation, bookkeeping, and payroll services	\$9,555,731	\$7,979,346	87
Scientific research and development services	\$8,273,527	\$4,676,326	74

Research Question #1: Baseline Contributions

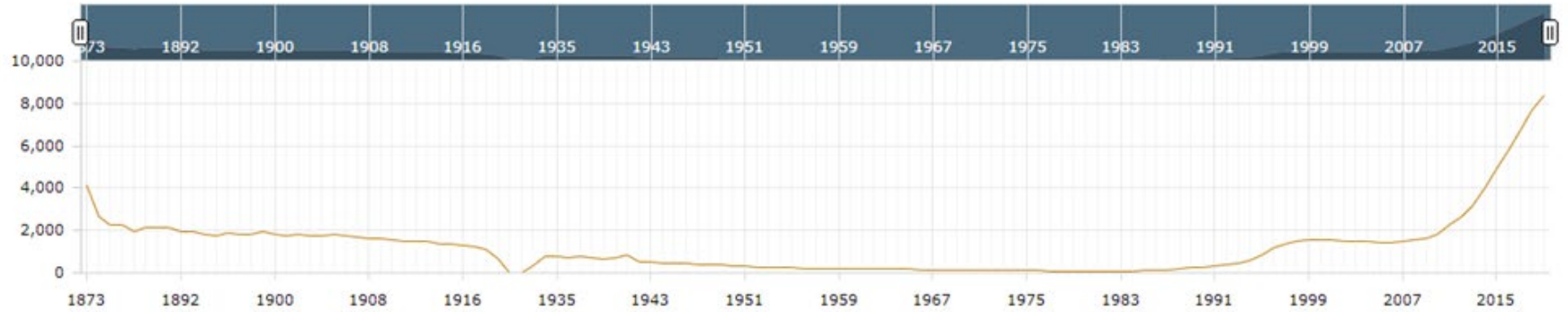
Effect	Sales	Value Added (GSP)	Income	Jobs
Direct	\$1,266,224,177	\$602,375,289	\$403,151,507	5,816
Indirect	\$454,930,142	\$285,917,519	\$155,117,656	2,385
Induced	\$1,478,522,307	\$960,404,415	\$635,722,690	10,496
<i>Total</i>	<i>\$3,199,676,626</i>	<i>\$1,848,697,222</i>	<i>\$1,193,991,853</i>	<i>18,697</i>

Research Question #2: Fiscal Baseline

Revenue Source	Direct	Indirect	Induced	Total
Property	\$195,029,566	\$13,253,770	\$40,104,220	\$248,387,556
2020 Sales & Excise Taxes	\$468,502,946	\$31,838,408	\$96,338,949	\$596,680,303
Corporate and Other	\$23,252,704	\$5,787,700	\$9,275,281	\$38,315,684
<i>Total</i>	<i>\$686,785,216</i>	<i>\$50,879,878</i>	<i>\$145,718,450</i>	<i>\$883,383,543</i>

Micro-Brewery and Winery Case Studies

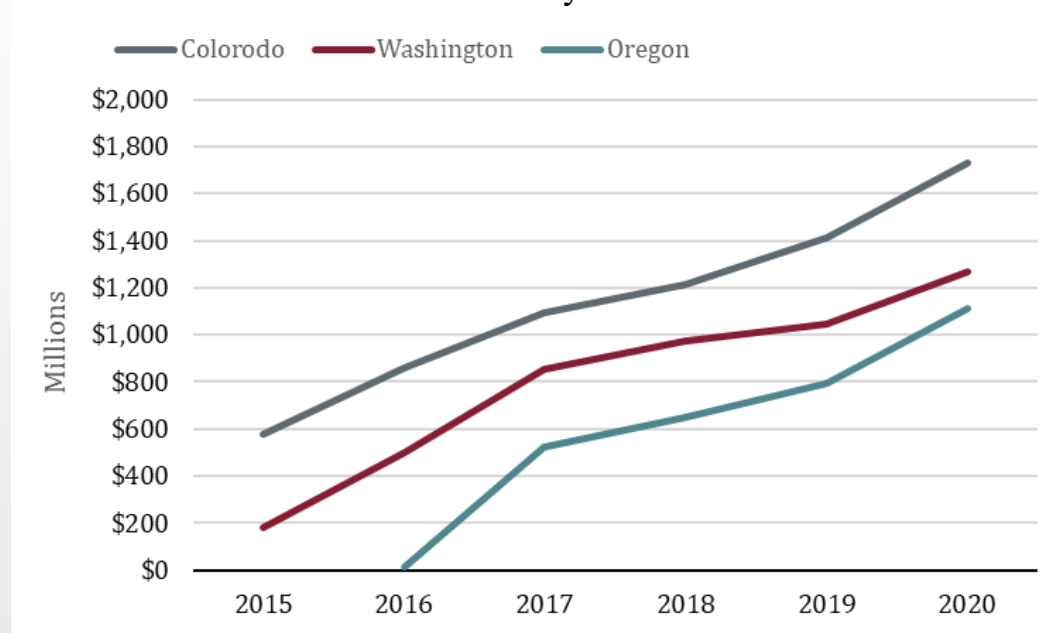
Licensed Breweries by year (1873-2019)



Source: Brewers Association

Substitutes or Compliments?

Recreational Retail Cannabis Sales by State and Year

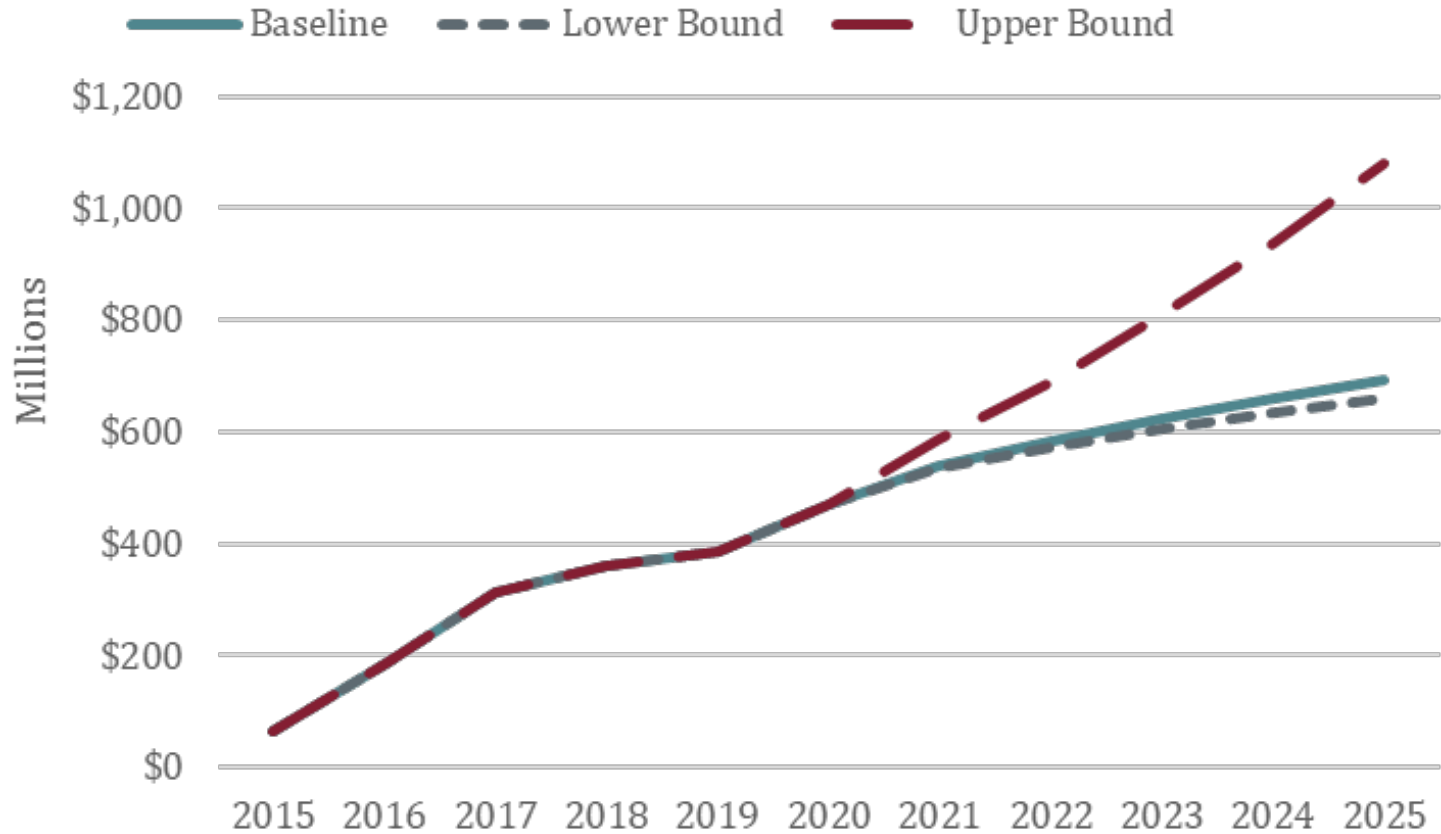


Source: WSLCB annual reports, OLCC Marijuana Market Data, and Colorado Department of Revenue Marijuana Sales Reports

Estimates

Revenue Source	Lower Bound	Baseline	Upper Bound
Property	\$275,710,187	\$285,645,690	\$310,484,445
2021 Sales & Excise Taxes	\$662,315,136	\$686,182,348	\$745,850,378
Corporate and Other	\$42,530,410	\$44,063,037	\$47,894,606
<i>Total</i>	<i>\$980,555,733</i>	<i>\$1,015,891,074</i>	<i>\$1,104,229,429</i>

Excise Tax Estimates



Questions

Tim Nadreau, Ph.D.
WSU IMPACT Center
208.907.6147

timothy.nadreau@wsu.edu

<http://ses.wsu.edu/impact-center>