



Economic Challenges Facing the Colorado Cannabis Industry

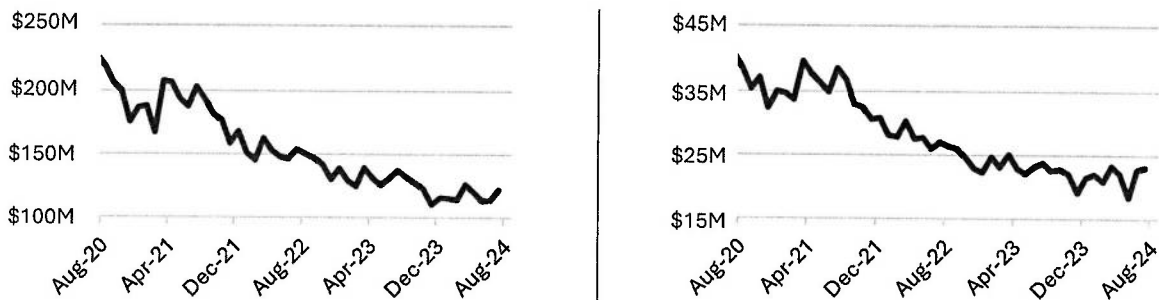
Key Points

- Colorado’s legal marijuana industry has experienced a significant economic downturn since 2021, resulting in business closures, job losses, and dramatic reductions in tax revenue.
- When Colorado established the nation’s first regulated marijuana market, it created several regulations that have since proven to be unwarranted and overly burdensome — especially for businesses facing complex economic challenges.
- Colorado must revisit and adjust its regulatory environment to ensure its legal cannabis industry remains a viable economic driver and alternative to the underground market.

Sales and Taxes

- Colorado marijuana sales and tax revenue have decreased significantly following the pandemic, and they are at their lowest levels since 2017.¹ Paired with a substantial decline in marijuana wholesale prices, it has contributed to a sizeable drop in marijuana tax revenue, creating significant budget gaps for state and local governments.^{2,3}
 - Despite relatively steady marijuana usage rates, monthly marijuana sales have declined year over year every month since June 2021. Average monthly sales decreased 36%, from \$185.75 million in 2021 to \$118.01 million in 2024, and annual sales dropped 33%, from \$2.28 billion in 2021 to \$1.53 billion in 2023. It is on pace to fall even lower in 2024.
 - The average wholesale price of marijuana bud dropped 50% from October 2021 to October 2024, and the average price of trim is down nearly 55%.
 - Marijuana tax revenue decreased more than 40% — over \$116.5 million – in the first eight months of 2024 compared to the first eight months of 2021.

Marijuana Sales (L) and State Tax and Fee Revenue (R) in Colorado, January 2014–August 2024



¹ Marijuana Sales Reports. Colorado Department of Revenue.

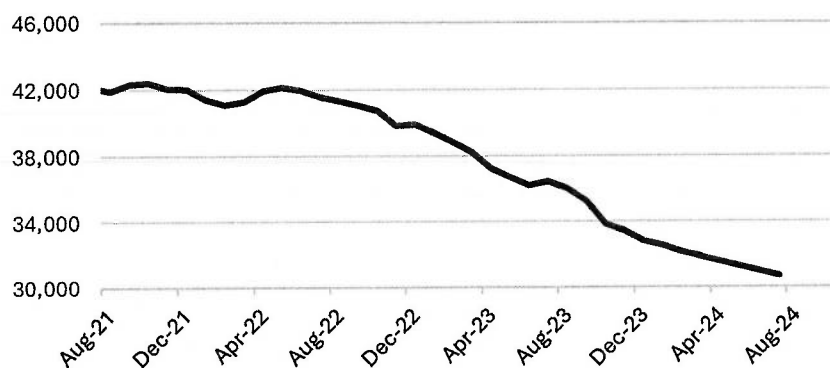
² Average Market Rate for Unprocessed Retail Marijuana. Colorado Department of Revenue.

³ Marijuana Tax Reports. Colorado Department of Revenue.

Workforce, Job Creation, and Social Equity

- The decline in retail sales and wholesale prices has contributed to extensive layoffs and cutbacks across the marijuana industry.
 - From February 2022 to February 2023, Colorado’s marijuana workforce dropped 28%, a loss of nearly 10,500 full-time equivalent jobs.⁴ The state experienced an additional 16% decline — nearly 4,500 jobs — from early 2023 to early 2024.⁵ As a result, Colorado has fallen from second in the nation to sixth in marijuana industry employment by state.
 - The number of active occupational licenses for marijuana business employees dropped more than 28% from October 2021 (42,022) to October 2024 (30,069).⁶

Active Marijuana Business Employee Licenses, December 2014–August 2024



- A growing number of facility licenses are being surrendered, and businesses are closing their doors at an alarming rate, especially on the cultivation side.
 - Retail cultivation permits dropped approximately 15% from 2022 to 2023, then around 20% from September 2023 to September 2024.⁷

Ancillary Industries

- The multi-year downturn in Colorado’s marijuana industry, along with significant amounts of past-due receivables, have also contributed to reduced revenue and workforce reductions at ancillary businesses that service the marijuana industry. This affects a wide range of industries, from construction and manufacturing to technology and professional services (law, accounting, etc.)

For more information, contact Sami Davis at sami@sewaldhanfling.com.

⁴ Barcott, B., et al. *Jobs Report 2023*. Vangst, April 2023.

⁵ Barcott, B. and Whitney, B. *Jobs Report 2023*. Vangst, April 2024.

⁶ *MED Licensed Facilities*. Colorado Department of Revenue.

⁷ Mitchell, Thomas, "Almost 20 Percent of Colorado Marijuana Growing Licenses Dropped Last Year," *Westword*, September 19, 2024.