

Marijuana Price / Tax Tables

Oakland, California

100% Markup

The Oakland Business Tax Revenue Division gives figures of \$291 per ounce retail and \$28 million in revenue on 6,000 pounds of medical marijuana at \$3,000 per pound wholesale. This works out to a 64% markup. The Rand Study's retail price floor of \$38 per ounce (before taxes) comes in at a wholesale price of \$375 per pound using this 64% markup.

At 100% markup the Rand Study's price floor of \$38/ounce works out to \$300/pound wholesale. This markup gives a wholesale cost of \$2,400 per pound for a \$300 ounce, which some believe is a more reasonable figure. A separate set of tables using 60% markup can be found [here](#).

Table 1 Before marijuana tax of 1.8%

Production of 4,285 pounds is based on Oakland's statement that production increased 40% in 2009 to 6,000 pounds

Table 2 Current year with 1.8% medical marijuana tax

Marijuana tax of 1.8% was passed 1 year ago, in July of 2009.

Table 3 Impact of increased licensing

Oakland passed an ordinance which authorized 4 industrial cultivation permits at \$211,000 each with an application fee of \$5,000. This ordinance also increased the number of permitted dispensaries from 4 to 6, and the license fee per dispensary from \$30,000 to \$60,000.

Table 4 Impact of medical marijuana tax increase

The local tax ordinance on the ballot in Oakland will add a production tax of up to 5% and increase the tax limit on medical sales from 1.8% to 5%.

Table 5 Impact of recreational marijuana tax

If both the local tax and Prop. 19 pass in November, non-medical marijuana retail purchases in Oakland will be taxed up to 10% tax, in addition to a 5% wholesale/cultivation tax, in addition to 9.75% sales tax.

Table 6 Impact of increased production with no new tax

Jeff Wilcox told *The San Jose Mercury News* on August 1st 2010 that his facility alone could produce 21,000 pounds which will sell for \$60 million. That works out to over \$2,800 per pound, so it appears he isn't anticipating any decline in price.

Table 7 Impact of increased production and medical tax

Production of 21,000 pounds with 5% tax on medical retail and wholesale.

Table 8 Impact of production increase and recreational tax

Production of 21,000 pounds with up to 10% tax on non-medical retail and up to 5% tax on wholesale. Estimates are that there are probably 6 times as many recreational marijuana smokers in California as medical patients.

	license	total
applications		
cultivators		
dispensaries	4	30,000
		120,000
		\$120,000

	cultivation tax	production	pounds	ounces
Wholesale			6,000	96,000

	sales tax	marijuana tax	total retail	markup
Retail	9.75%	1.80%	11.55%	100%

Current year with 1.8% medical marijuana tax

Wholesale				Retail				Total	Per Ounce		
per pound	per ounce	value	tax	per ounce	tax per oz.	value	tax	taxes & fees	cost	taxes & fees	% of cost
\$4,000	\$250.00	\$24,000,000		\$500	\$57.75	\$48,000,000	\$5,544,000	\$5,664,000	\$557.75	\$59.00	11.80%
3,600	225.00	21,600,000		450	51.98	43,200,000	4,989,600	5,109,600	501.98	53.23	11.83%
3,200	200.00	19,200,000		400	46.20	38,400,000	4,435,200	4,555,200	446.20	47.45	11.86%
2,800	175.00	16,800,000		350	40.43	33,600,000	3,880,800	4,000,800	390.43	41.68	11.91%
2,600	162.50	15,600,000		325	37.54	31,200,000	3,603,600	3,723,600	362.54	38.79	11.93%
2,400	150.00	14,400,000		300	34.65	28,800,000	3,326,400	3,446,400	334.65	35.90	11.97%
2,200	137.50	13,200,000		275	31.76	26,400,000	3,049,200	3,169,200	306.76	33.01	12.00%
2,000	125.00	12,000,000		250	28.88	24,000,000	2,772,000	2,892,000	278.88	30.13	12.05%
1,800	112.50	10,800,000		225	25.99	21,600,000	2,494,800	2,614,800	250.99	27.24	12.11%
1,600	100.00	9,600,000		200	23.10	19,200,000	2,217,600	2,337,600	223.10	24.35	12.18%
1,400	87.50	8,400,000		175	20.21	16,800,000	1,940,400	2,060,400	195.21	21.46	12.26%
1,200	75.00	7,200,000		150	17.33	14,400,000	1,663,200	1,783,200	167.33	18.58	12.38%
1,000	62.50	6,000,000		125	14.44	12,000,000	1,386,000	1,506,000	139.44	15.69	12.55%
800	50.00	4,800,000		100	11.55	9,600,000	1,108,800	1,228,800	111.55	12.80	12.80%
600	37.50	3,600,000		75	8.66	7,200,000	831,600	951,600	83.66	9.91	13.22%
400	25.00	2,400,000		50	5.78	4,800,000	554,400	674,400	55.78	7.03	14.05%
300	18.75	1,800,000		38	4.33	3,600,000	415,800	535,800	41.83	5.58	14.88%

Total taxes & fees = total licenses & fees + wholesale tax + retail tax. Per ounce taxes & fees = total taxes & fees / production ounces

Wholesale	Retail	Per Ounce Tax & Fees					Gross Tax & Fees				
		wholesale	retail	local sales	total local	state sales	wholesale	retail	local sales	total local	state sales
\$4,000	\$500		\$10.25	\$7.50	\$17.75	\$41.25	\$984,000	\$720,000	\$1,704,000	\$3,960,000	
3,600	450		9.35	6.75	16.10	37.13	897,600	648,000	1,545,600	3,564,000	
3,200	400		8.45	6.00	14.45	33.00	811,200	576,000	1,387,200	3,168,000	
2,800	350		7.55	5.25	12.80	28.88	724,800	504,000	1,228,800	2,772,000	
2,600	325		7.10	4.88	11.98	26.81	681,600	468,000	1,149,600	2,574,000	
2,400	300		6.65	4.50	11.15	24.75	638,400	432,000	1,070,400	2,376,000	
2,200	275		6.20	4.13	10.33	22.69	595,200	396,000	991,200	2,178,000	
2,000	250		5.75	3.75	9.50	20.63	552,000	360,000	912,000	1,980,000	
1,800	225		5.30	3.38	8.68	18.56	508,800	324,000	832,800	1,782,000	
1,600	200		4.85	3.00	7.85	16.50	465,600	288,000	753,600	1,584,000	
1,400	175		4.40	2.63	7.03	14.44	422,400	252,000	674,400	1,386,000	
1,200	150		3.95	2.25	6.20	12.38	379,200	216,000	595,200	1,188,000	
1,000	125		3.50	1.88	5.38	10.31	336,000	180,000	516,000	990,000	
800	100		3.05	1.50	4.55	8.25	292,800	144,000	436,800	792,000	
600	75		2.60	1.13	3.73	6.19	249,600	108,000	357,600	594,000	
400	50		2.15	.75	2.90	4.13	206,400	72,000	278,400	396,000	
300	38		1.93	.56	2.49	3.09	184,800	54,000	238,800	297,000	

State sales tax = retail per ounce * 8.25%. Local sales tax = retail per ounce * (total retail tax - 8.25%).

Gross retail tax includes dispensary license fees, gross wholesale tax includes cultivation license & application fees.

120,000 license fees included

- City of Oakland Agenda Report 13 Jul 10 - <http://clerkwebsvr1.oaklandnet.com/attachments/25359.pdf>

- The 1.8% marijuana tax took effect one year ago on 21 July 2009. Dispensary sales increased 40% between 2008 and 2009 to \$28 million on 6,000 pounds with a price of \$291/ounce retail and \$3,000/pound wholesale.

- The Rand study's floor price of \$38/ounce retail (before tax) occurs at \$300/pound wholesale with 100% markup, from their Altered State? study released July 2010.

		license	total
applications	4	\$5,000	\$20,000
cultivators	4	211,000	844,000
dispensaries	6	60,000	360,000
			\$1,224,000

	cultivation tax	production	pounds	ounces
Wholesale			6,000	96,000

	sales tax	marijuana tax	total retail	markup
Retail	9.75%	1.80%	11.55%	100%

Impact of increased licensing

Wholesale				Retail				Total	Per Ounce		
per pound	per ounce	value	tax	per ounce	tax per oz.	value	tax	taxes & fees	cost	taxes & fees	% of cost
\$4,000	\$250.00	\$24,000,000		\$500	\$57.75	\$48,000,000	\$5,544,000	\$6,768,000	\$557.75	\$70.50	14.10%
3,600	225.00	21,600,000		450	51.98	43,200,000	4,989,600	6,213,600	501.98	64.73	14.38%
3,200	200.00	19,200,000		400	46.20	38,400,000	4,435,200	5,659,200	446.20	58.95	14.74%
2,800	175.00	16,800,000		350	40.43	33,600,000	3,880,800	5,104,800	390.43	53.18	15.19%
2,600	162.50	15,600,000		325	37.54	31,200,000	3,603,600	4,827,600	362.54	50.29	15.47%
2,400	150.00	14,400,000		300	34.65	28,800,000	3,326,400	4,550,400	334.65	47.40	15.80%
2,200	137.50	13,200,000		275	31.76	26,400,000	3,049,200	4,273,200	306.76	44.51	16.19%
2,000	125.00	12,000,000		250	28.88	24,000,000	2,772,000	3,996,000	278.88	41.63	16.65%
1,800	112.50	10,800,000		225	25.99	21,600,000	2,494,800	3,718,800	250.99	38.74	17.22%
1,600	100.00	9,600,000		200	23.10	19,200,000	2,217,600	3,441,600	223.10	35.85	17.93%
1,400	87.50	8,400,000		175	20.21	16,800,000	1,940,400	3,164,400	195.21	32.96	18.84%
1,200	75.00	7,200,000		150	17.33	14,400,000	1,663,200	2,887,200	167.33	30.08	20.05%
1,000	62.50	6,000,000		125	14.44	12,000,000	1,386,000	2,610,000	139.44	27.19	21.75%
800	50.00	4,800,000		100	11.55	9,600,000	1,108,800	2,332,800	111.55	24.30	24.30%
600	37.50	3,600,000		75	8.66	7,200,000	831,600	2,055,600	83.66	21.41	28.55%
400	25.00	2,400,000		50	5.78	4,800,000	554,400	1,778,400	55.78	18.53	37.05%
300	18.75	1,800,000		38	4.33	3,600,000	415,800	1,639,800	41.83	17.08	45.55%

Total taxes & fees = total licenses & fees + wholesale tax + retail tax. Per ounce taxes & fees = total taxes & fees / production ounces

Wholesale	Retail	Per Ounce Tax & Fees					Gross Tax & Fees				
		per pound	per ounce	wholesale	retail	local sales	total local	state sales	wholesale	retail	local sales
\$4,000	\$500	\$9.00	\$12.75	\$7.50	\$29.25	\$41.25	\$864,000	\$1,224,000	\$720,000	\$2,808,000	\$3,960,000
3,600	450	9.00	11.85	6.75	27.60	37.13	864,000	1,137,600	648,000	2,649,600	3,564,000
3,200	400	9.00	10.95	6.00	25.95	33.00	864,000	1,051,200	576,000	2,491,200	3,168,000
2,800	350	9.00	10.05	5.25	24.30	28.88	864,000	964,800	504,000	2,332,800	2,772,000
2,600	325	9.00	9.60	4.88	23.48	26.81	864,000	921,600	468,000	2,253,600	2,574,000
2,400	300	9.00	9.15	4.50	22.65	24.75	864,000	878,400	432,000	2,174,400	2,376,000
2,200	275	9.00	8.70	4.13	21.83	22.69	864,000	835,200	396,000	2,095,200	2,178,000
2,000	250	9.00	8.25	3.75	21.00	20.63	864,000	792,000	360,000	2,016,000	1,980,000
1,800	225	9.00	7.80	3.38	20.18	18.56	864,000	748,800	324,000	1,936,800	1,782,000
1,600	200	9.00	7.35	3.00	19.35	16.50	864,000	705,600	288,000	1,857,600	1,584,000
1,400	175	9.00	6.90	2.63	18.53	14.44	864,000	662,400	252,000	1,778,400	1,386,000
1,200	150	9.00	6.45	2.25	17.70	12.38	864,000	619,200	216,000	1,699,200	1,188,000
1,000	125	9.00	6.00	1.88	16.88	10.31	864,000	576,000	180,000	1,620,000	990,000
800	100	9.00	5.55	1.50	16.05	8.25	864,000	532,800	144,000	1,540,800	792,000
600	75	9.00	5.10	1.13	15.23	6.19	864,000	489,600	108,000	1,461,600	594,000
400	50	9.00	4.65	.75	14.40	4.13	864,000	446,400	72,000	1,382,400	396,000
300	38	9.00	4.43	.56	13.99	3.09	864,000	424,800	54,000	1,342,800	297,000

State sales tax = retail per ounce * 8.25%. Local sales tax = retail per ounce * (total retail tax - 8.25%).

Gross retail tax includes dispensary license fees, gross wholesale tax includes cultivation license & application fees.

864,000	360,000	license fees included
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applications	4	\$5,000	\$20,000
cultivators	4	211,000	844,000
dispensaries	6	60,000	360,000
			\$1,224,000

	cultivation tax	production	pounds	ounces
Wholesale	5.00%		6,000	96,000
	sales tax	marijuana tax	total retail	markup
Retail	9.75%	5.00%	14.75%	100%

Impact of medical marijuana tax increase

Wholesale				Retail				Total	Per Ounce		
per pound	per ounce	value	tax	per ounce	tax per oz.	value	tax	taxes & fees	cost	taxes & fees	% of cost
\$4,000	\$250.00	\$24,000,000	\$1,200,000	\$500	\$73.75	\$48,000,000	\$7,080,000	\$9,504,000	\$573.75	\$99.00	19.80%
3,600	225.00	21,600,000	1,080,000	450	66.38	43,200,000	6,372,000	8,676,000	516.38	90.38	20.08%
3,200	200.00	19,200,000	960,000	400	59.00	38,400,000	5,664,000	7,848,000	459.00	81.75	20.44%
2,800	175.00	16,800,000	840,000	350	51.63	33,600,000	4,956,000	7,020,000	401.63	73.13	20.89%
2,600	162.50	15,600,000	780,000	325	47.94	31,200,000	4,602,000	6,606,000	372.94	68.81	21.17%
2,400	150.00	14,400,000	720,000	300	44.25	28,800,000	4,248,000	6,192,000	344.25	64.50	21.50%
2,200	137.50	13,200,000	660,000	275	40.56	26,400,000	3,894,000	5,778,000	315.56	60.19	21.89%
2,000	125.00	12,000,000	600,000	250	36.88	24,000,000	3,540,000	5,364,000	286.88	55.88	22.35%
1,800	112.50	10,800,000	540,000	225	33.19	21,600,000	3,186,000	4,950,000	258.19	51.56	22.92%
1,600	100.00	9,600,000	480,000	200	29.50	19,200,000	2,832,000	4,536,000	229.50	47.25	23.63%
1,400	87.50	8,400,000	420,000	175	25.81	16,800,000	2,478,000	4,122,000	200.81	42.94	24.54%
1,200	75.00	7,200,000	360,000	150	22.13	14,400,000	2,124,000	3,708,000	172.13	38.63	25.75%
1,000	62.50	6,000,000	300,000	125	18.44	12,000,000	1,770,000	3,294,000	143.44	34.31	27.45%
800	50.00	4,800,000	240,000	100	14.75	9,600,000	1,416,000	2,880,000	114.75	30.00	30.00%
600	37.50	3,600,000	180,000	75	11.06	7,200,000	1,062,000	2,466,000	86.06	25.69	34.25%
400	25.00	2,400,000	120,000	50	7.38	4,800,000	708,000	2,052,000	57.38	21.38	42.75%
300	18.75	1,800,000	90,000	38	5.53	3,600,000	531,000	1,845,000	43.03	19.22	51.25%

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Wholesale	Retail	Per Ounce Tax & Fees					Gross Tax & Fees				
		per pound	per ounce	wholesale	retail	local sales	total local	state sales	wholesale	retail	local sales
\$4,000	\$500	\$21.50	\$28.75	\$7.50	\$57.75	\$41.25	\$2,064,000	\$2,760,000	\$720,000	\$5,544,000	\$3,960,000
3,600	450	20.25	26.25	6.75	53.25	37.13	1,944,000	2,520,000	648,000	5,112,000	3,564,000
3,200	400	19.00	23.75	6.00	48.75	33.00	1,824,000	2,280,000	576,000	4,680,000	3,168,000
2,800	350	17.75	21.25	5.25	44.25	28.88	1,704,000	2,040,000	504,000	4,248,000	2,772,000
2,600	325	17.13	20.00	4.88	42.00	26.81	1,644,000	1,920,000	468,000	4,032,000	2,574,000
2,400	300	16.50	18.75	4.50	39.75	24.75	1,584,000	1,800,000	432,000	3,816,000	2,376,000
2,200	275	15.88	17.50	4.13	37.50	22.69	1,524,000	1,680,000	396,000	3,600,000	2,178,000
2,000	250	15.25	16.25	3.75	35.25	20.63	1,464,000	1,560,000	360,000	3,384,000	1,980,000
1,800	225	14.63	15.00	3.38	33.00	18.56	1,404,000	1,440,000	324,000	3,168,000	1,782,000
1,600	200	14.00	13.75	3.00	30.75	16.50	1,344,000	1,320,000	288,000	2,952,000	1,584,000
1,400	175	13.38	12.50	2.63	28.50	14.44	1,284,000	1,200,000	252,000	2,736,000	1,386,000
1,200	150	12.75	11.25	2.25	26.25	12.38	1,224,000	1,080,000	216,000	2,520,000	1,188,000
1,000	125	12.13	10.00	1.88	24.00	10.31	1,164,000	960,000	180,000	2,304,000	990,000
800	100	11.50	8.75	1.50	21.75	8.25	1,104,000	840,000	144,000	2,088,000	792,000
600	75	10.88	7.50	1.13	19.50	6.19	1,044,000	720,000	108,000	1,872,000	594,000
400	50	10.25	6.25	.75	17.25	4.13	984,000	600,000	72,000	1,656,000	396,000
300	38	9.94	5.63	.56	16.13	3.09	954,000	540,000	54,000	1,548,000	297,000

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864,000 360,000 license fees included

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	cultivation tax	production	pounds	ounces
Wholesale	5.00%		6,000	96,000
	sales tax	marijuana tax	total retail	markup
Retail	9.75%	10.00%	19.75%	100%

Impact of recreational marijuana tax

Wholesale				Retail				Total	Per Ounce		
per pound	per ounce	value	tax	per ounce	tax per oz.	value	tax	taxes & fees	cost	taxes & fees	% of cost
\$4,000	\$250.00	\$24,000,000	\$1,200,000	\$500	\$98.75	\$48,000,000	\$9,480,000	\$11,904,000	\$598.75	\$124.00	24.80%
3,600	225.00	21,600,000	1,080,000	450	88.88	43,200,000	8,532,000	10,836,000	538.88	112.88	25.08%
3,200	200.00	19,200,000	960,000	400	79.00	38,400,000	7,584,000	9,768,000	479.00	101.75	25.44%
2,800	175.00	16,800,000	840,000	350	69.13	33,600,000	6,636,000	8,700,000	419.13	90.63	25.89%
2,600	162.50	15,600,000	780,000	325	64.19	31,200,000	6,162,000	8,166,000	389.19	85.06	26.17%
2,400	150.00	14,400,000	720,000	300	59.25	28,800,000	5,688,000	7,632,000	359.25	79.50	26.50%
2,200	137.50	13,200,000	660,000	275	54.31	26,400,000	5,214,000	7,098,000	329.31	73.94	26.89%
2,000	125.00	12,000,000	600,000	250	49.38	24,000,000	4,740,000	6,564,000	299.38	68.38	27.35%
1,800	112.50	10,800,000	540,000	225	44.44	21,600,000	4,266,000	6,030,000	269.44	62.81	27.92%
1,600	100.00	9,600,000	480,000	200	39.50	19,200,000	3,792,000	5,496,000	239.50	57.25	28.63%
1,400	87.50	8,400,000	420,000	175	34.56	16,800,000	3,318,000	4,962,000	209.56	51.69	29.54%
1,200	75.00	7,200,000	360,000	150	29.63	14,400,000	2,844,000	4,428,000	179.63	46.13	30.75%
1,000	62.50	6,000,000	300,000	125	24.69	12,000,000	2,370,000	3,894,000	149.69	40.56	32.45%
800	50.00	4,800,000	240,000	100	19.75	9,600,000	1,896,000	3,360,000	119.75	35.00	35.00%
600	37.50	3,600,000	180,000	75	14.81	7,200,000	1,422,000	2,826,000	89.81	29.44	39.25%
400	25.00	2,400,000	120,000	50	9.88	4,800,000	948,000	2,292,000	59.88	23.88	47.75%
300	18.75	1,800,000	90,000	38	7.41	3,600,000	711,000	2,025,000	44.91	21.09	56.25%

Total taxes & fees = total licenses & fees + wholesale tax + retail tax. Per ounce taxes & fees = total taxes & fees / production ounces

Wholesale	Retail	Per Ounce Tax & Fees					Gross Tax & Fees				
		per pound	per ounce	wholesale	retail	local sales	total local	state sales	wholesale	retail	local sales
\$4,000	\$500	\$21.50	\$53.75	\$7.50	\$82.75	\$41.25	\$2,064,000	\$5,160,000	\$720,000	\$7,944,000	\$3,960,000
3,600	450	20.25	48.75	6.75	75.75	37.13	1,944,000	4,680,000	648,000	7,272,000	3,564,000
3,200	400	19.00	43.75	6.00	68.75	33.00	1,824,000	4,200,000	576,000	6,600,000	3,168,000
2,800	350	17.75	38.75	5.25	61.75	28.88	1,704,000	3,720,000	504,000	5,928,000	2,772,000
2,600	325	17.13	36.25	4.88	58.25	26.81	1,644,000	3,480,000	468,000	5,592,000	2,574,000
2,400	300	16.50	33.75	4.50	54.75	24.75	1,584,000	3,240,000	432,000	5,256,000	2,376,000
2,200	275	15.88	31.25	4.13	51.25	22.69	1,524,000	3,000,000	396,000	4,920,000	2,178,000
2,000	250	15.25	28.75	3.75	47.75	20.63	1,464,000	2,760,000	360,000	4,584,000	1,980,000
1,800	225	14.63	26.25	3.38	44.25	18.56	1,404,000	2,520,000	324,000	4,248,000	1,782,000
1,600	200	14.00	23.75	3.00	40.75	16.50	1,344,000	2,280,000	288,000	3,912,000	1,584,000
1,400	175	13.38	21.25	2.63	37.25	14.44	1,284,000	2,040,000	252,000	3,576,000	1,386,000
1,200	150	12.75	18.75	2.25	33.75	12.38	1,224,000	1,800,000	216,000	3,240,000	1,188,000
1,000	125	12.13	16.25	1.88	30.25	10.31	1,164,000	1,560,000	180,000	2,904,000	990,000
800	100	11.50	13.75	1.50	26.75	8.25	1,104,000	1,320,000	144,000	2,568,000	792,000
600	75	10.88	11.25	1.13	23.25	6.19	1,044,000	1,080,000	108,000	2,232,000	594,000
400	50	10.25	8.75	.75	19.75	4.13	984,000	840,000	72,000	1,896,000	396,000
300	38	9.94	7.5	.56	18.00	3.09	954,000	720,000	54,000	1,728,000	297,000

State sales tax = retail per ounce * 8.25%. Local sales tax = retail per ounce * (total retail tax - 8.25%).

Gross retail tax includes dispensary license fees, gross wholesale tax includes cultivation license & application fees.

864,000 360,000 license fees included

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	license	total
applications	4	\$5,000
cultivators	4	211,000
dispensaries	6	60,000
		\$1,224,000

	cultivation tax	production	pounds	ounces
Wholesale			21,000	336,000

	sales tax	marijuana tax	total retail	markup
Retail	9.75%	1.80%	11.55%	100%

Impact of increased production with no new tax

Wholesale				Retail				Total	Per Ounce		
per pound	per ounce	value	tax	per ounce	tax per oz.	value	tax	taxes & fees	cost	taxes & fees	% of cost
\$4,000	\$250.00	\$84,000,000		\$500	\$57.75	\$168,000,000	\$19,404,000	\$20,628,000	\$557.75	\$61.39	12.28%
3,600	225.00	75,600,000		450	51.98	151,200,000	17,463,600	18,687,600	501.98	55.62	12.36%
3,200	200.00	67,200,000		400	46.20	134,400,000	15,523,200	16,747,200	446.20	49.84	12.46%
2,800	175.00	58,800,000		350	40.43	117,600,000	13,582,800	14,806,800	390.43	44.07	12.59%
2,600	162.50	54,600,000		325	37.54	109,200,000	12,612,600	13,836,600	362.54	41.18	12.67%
2,400	150.00	50,400,000		300	34.65	100,800,000	11,642,400	12,866,400	334.65	38.29	12.76%
2,200	137.50	46,200,000		275	31.76	92,400,000	10,672,200	11,896,200	306.76	35.41	12.87%
2,000	125.00	42,000,000		250	28.88	84,000,000	9,702,000	10,926,000	278.88	32.52	13.01%
1,800	112.50	37,800,000		225	25.99	75,600,000	8,731,800	9,955,800	250.99	29.63	13.17%
1,600	100.00	33,600,000		200	23.10	67,200,000	7,761,600	8,985,600	223.10	26.74	13.37%
1,400	87.50	29,400,000		175	20.21	58,800,000	6,791,400	8,015,400	195.21	23.86	13.63%
1,200	75.00	25,200,000		150	17.33	50,400,000	5,821,200	7,045,200	167.33	20.97	13.98%
1,000	62.50	21,000,000		125	14.44	42,000,000	4,851,000	6,075,000	139.44	18.08	14.46%
800	50.00	16,800,000		100	11.55	33,600,000	3,880,800	5,104,800	111.55	15.19	15.19%
600	37.50	12,600,000		75	8.66	25,200,000	2,910,600	4,134,600	83.66	12.31	16.41%
400	25.00	8,400,000		50	5.78	16,800,000	1,940,400	3,164,400	55.78	9.42	18.84%
300	18.75	6,300,000		38	4.33	12,600,000	1,455,300	2,679,300	41.83	7.97	21.26%

Total taxes & fees = total licenses & fees + wholesale tax + retail tax. Per ounce taxes & fees = total taxes & fees / production ounces

Wholesale	Retail	Per Ounce Tax & Fees					Gross Tax & Fees				
		wholesale	retail	local sales	total local	state sales	wholesale	retail	local sales	total local	state sales
\$4,000	\$500	\$2.57	\$10.07	\$7.50	\$20.14	\$41.25	\$864,000	\$3,384,000	\$2,520,000	\$6,768,000	\$13,860,000
3,600	450	2.57	9.17	6.75	18.49	37.13	864,000	3,081,600	2,268,000	6,213,600	12,474,000
3,200	400	2.57	8.27	6.00	16.84	33.00	864,000	2,779,200	2,016,000	5,659,200	11,088,000
2,800	350	2.57	7.37	5.25	15.19	28.88	864,000	2,476,800	1,764,000	5,104,800	9,702,000
2,600	325	2.57	6.92	4.88	14.37	26.81	864,000	2,325,600	1,638,000	4,827,600	9,009,000
2,400	300	2.57	6.47	4.50	13.54	24.75	864,000	2,174,400	1,512,000	4,550,400	8,316,000
2,200	275	2.57	6.02	4.13	12.72	22.69	864,000	2,023,200	1,386,000	4,273,200	7,623,000
2,000	250	2.57	5.57	3.75	11.89	20.63	864,000	1,872,000	1,260,000	3,996,000	6,930,000
1,800	225	2.57	5.12	3.38	11.07	18.56	864,000	1,720,800	1,134,000	3,718,800	6,237,000
1,600	200	2.57	4.67	3.00	10.24	16.50	864,000	1,569,600	1,008,000	3,441,600	5,544,000
1,400	175	2.57	4.22	2.63	9.42	14.44	864,000	1,418,400	882,000	3,164,400	4,851,000
1,200	150	2.57	3.77	2.25	8.59	12.38	864,000	1,267,200	756,000	2,887,200	4,158,000
1,000	125	2.57	3.32	1.88	7.77	10.31	864,000	1,116,000	630,000	2,610,000	3,465,000
800	100	2.57	2.87	1.50	6.94	8.25	864,000	964,800	504,000	2,332,800	2,772,000
600	75	2.57	2.42	1.13	6.12	6.19	864,000	813,600	378,000	2,055,600	2,079,000
400	50	2.57	1.97	.75	5.29	4.13	864,000	662,400	252,000	1,778,400	1,386,000
300	38	2.57	1.75	.56	4.88	3.09	864,000	586,800	189,000	1,639,800	1,039,500

State sales tax = retail per ounce * 8.25%. Local sales tax = retail per ounce * (total retail tax - 8.25%).

Gross retail tax includes dispensary license fees, gross wholesale tax includes cultivation license & application fees.

864,000	360,000	license fees included
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- The Rand study's floor price of \$38/ounce retail (before tax) occurs at \$300/pound wholesale with 100% markup, from their Altered State? study released July 2010.

		license	total
applications	4	\$5,000	\$20,000
cultivators	4	211,000	844,000
dispensaries	6	60,000	360,000
			\$1,224,000

	cultivation tax	production	pounds	ounces
Wholesale	5.00%		21,000	336,000
	sales tax	marijuana tax	total retail	markup
Retail	9.75%	5.00%	14.75%	100%

Impact of increased production and medical tax

Wholesale				Retail				Total	Per Ounce		
per pound	per ounce	value	tax	per ounce	tax per oz.	value	tax	taxes & fees	cost	taxes & fees	% of cost
\$4,000	\$250.00	\$84,000,000	\$4,200,000	\$500	\$73.75	\$168,000,000	\$24,780,000	\$30,204,000	\$573.75	\$89.89	17.98%
3,600	225.00	75,600,000	3,780,000	450	66.38	151,200,000	22,302,000	27,306,000	516.38	81.27	18.06%
3,200	200.00	67,200,000	3,360,000	400	59.00	134,400,000	19,824,000	24,408,000	459.00	72.64	18.16%
2,800	175.00	58,800,000	2,940,000	350	51.63	117,600,000	17,346,000	21,510,000	401.63	64.02	18.29%
2,600	162.50	54,600,000	2,730,000	325	47.94	109,200,000	16,107,000	20,061,000	372.94	59.71	18.37%
2,400	150.00	50,400,000	2,520,000	300	44.25	100,800,000	14,868,000	18,612,000	344.25	55.39	18.46%
2,200	137.50	46,200,000	2,310,000	275	40.56	92,400,000	13,629,000	17,163,000	315.56	51.08	18.57%
2,000	125.00	42,000,000	2,100,000	250	36.88	84,000,000	12,390,000	15,714,000	286.88	46.77	18.71%
1,800	112.50	37,800,000	1,890,000	225	33.19	75,600,000	11,151,000	14,265,000	258.19	42.46	18.87%
1,600	100.00	33,600,000	1,680,000	200	29.50	67,200,000	9,912,000	12,816,000	229.50	38.14	19.07%
1,400	87.50	29,400,000	1,470,000	175	25.81	58,800,000	8,673,000	11,367,000	200.81	33.83	19.33%
1,200	75.00	25,200,000	1,260,000	150	22.13	50,400,000	7,434,000	9,918,000	172.13	29.52	19.68%
1,000	62.50	21,000,000	1,050,000	125	18.44	42,000,000	6,195,000	8,469,000	143.44	25.21	20.16%
800	50.00	16,800,000	840,000	100	14.75	33,600,000	4,956,000	7,020,000	114.75	20.89	20.89%
600	37.50	12,600,000	630,000	75	11.06	25,200,000	3,717,000	5,571,000	86.06	16.58	22.11%
400	25.00	8,400,000	420,000	50	7.38	16,800,000	2,478,000	4,122,000	57.38	12.27	24.54%
300	18.75	6,300,000	315,000	38	5.53	12,600,000	1,858,500	3,397,500	43.03	10.11	26.96%

Total taxes & fees = total licenses & fees + wholesale tax + retail tax. Per ounce taxes & fees = total taxes & fees / production ounces

Wholesale	Retail	Per Ounce Tax & Fees					Gross Tax & Fees				
		wholesale	retail	local sales	total local	state sales	wholesale	retail	local sales	total local	state sales
\$4,000	\$500	\$15.07	\$26.07	7.50	\$48.64	\$41.25	\$5,064,000	\$8,760,000	\$2,520,000	\$16,344,000	\$13,860,000
3,600	450	13.82	23.57	6.75	44.14	37.13	4,644,000	7,920,000	2,268,000	14,832,000	12,474,000
3,200	400	12.57	21.07	6.00	39.64	33.00	4,224,000	7,080,000	2,016,000	13,320,000	11,088,000
2,800	350	11.32	18.57	5.25	35.14	28.88	3,804,000	6,240,000	1,764,000	11,808,000	9,702,000
2,600	325	10.70	17.32	4.88	32.89	26.81	3,594,000	5,820,000	1,638,000	11,052,000	9,009,000
2,400	300	10.07	16.07	4.50	30.64	24.75	3,384,000	5,400,000	1,512,000	10,296,000	8,316,000
2,200	275	9.45	14.82	4.13	28.39	22.69	3,174,000	4,980,000	1,386,000	9,540,000	7,623,000
2,000	250	8.82	13.57	3.75	26.14	20.63	2,964,000	4,560,000	1,260,000	8,784,000	6,930,000
1,800	225	8.20	12.32	3.38	23.89	18.56	2,754,000	4,140,000	1,134,000	8,028,000	6,237,000
1,600	200	7.57	11.07	3.00	21.64	16.50	2,544,000	3,720,000	1,008,000	7,272,000	5,544,000
1,400	175	6.95	9.82	2.63	19.39	14.44	2,334,000	3,300,000	882,000	6,516,000	4,851,000
1,200	150	6.32	8.57	2.25	17.14	12.38	2,124,000	2,880,000	756,000	5,760,000	4,158,000
1,000	125	5.70	7.32	1.88	14.89	10.31	1,914,000	2,460,000	630,000	5,004,000	3,465,000
800	100	5.07	6.07	1.50	12.64	8.25	1,704,000	2,040,000	504,000	4,248,000	2,772,000
600	75	4.45	4.82	1.13	10.39	6.19	1,494,000	1,620,000	378,000	3,492,000	2,079,000
400	50	3.82	3.57	.75	8.14	4.13	1,284,000	1,200,000	252,000	2,736,000	1,386,000
300	38	3.51	2.95	.56	7.02	3.09	1,179,000	990,000	189,000	2,358,000	1,039,500

State sales tax = retail per ounce * 8.25%. Local sales tax = retail per ounce * (total retail tax - 8.25%).

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	license	total
applications	4	\$5,000
cultivators	4	211,000
dispensaries	6	60,000
		\$1,224,000

	cultivation tax	production	pounds	ounces
Wholesale	5.00%		21,000	336,000

	sales tax	marijuana tax	total retail	markup
Retail	9.75%	10.00%	19.75%	100%

Impact of production increase and recreational tax

Wholesale				Retail				Total	Per Ounce		
per pound	per ounce	value	tax	per ounce	tax per oz.	value	tax	taxes & fees	cost	taxes & fees	% of cost
\$4,000	\$250.00	\$84,000,000	\$4,200,000	\$500	\$98.75	\$168,000,000	\$33,180,000	\$38,604,000	\$598.75	\$114.89	22.98%
3,600	225.00	75,600,000	3,780,000	450	88.88	151,200,000	29,862,000	34,866,000	538.88	103.77	23.06%
3,200	200.00	67,200,000	3,360,000	400	79.00	134,400,000	26,544,000	31,128,000	479.00	92.64	23.16%
2,800	175.00	58,800,000	2,940,000	350	69.13	117,600,000	23,226,000	27,390,000	419.13	81.52	23.29%
2,600	162.50	54,600,000	2,730,000	325	64.19	109,200,000	21,567,000	25,521,000	389.19	75.96	23.37%
2,400	150.00	50,400,000	2,520,000	300	59.25	100,800,000	19,908,000	23,652,000	359.25	70.39	23.46%
2,200	137.50	46,200,000	2,310,000	275	54.31	92,400,000	18,249,000	21,783,000	329.31	64.83	23.57%
2,000	125.00	42,000,000	2,100,000	250	49.38	84,000,000	16,590,000	19,914,000	299.38	59.27	23.71%
1,800	112.50	37,800,000	1,890,000	225	44.44	75,600,000	14,931,000	18,045,000	269.44	53.71	23.87%
1,600	100.00	33,600,000	1,680,000	200	39.50	67,200,000	13,272,000	16,176,000	239.50	48.14	24.07%
1,400	87.50	29,400,000	1,470,000	175	34.56	58,800,000	11,613,000	14,307,000	209.56	42.58	24.33%
1,200	75.00	25,200,000	1,260,000	150	29.63	50,400,000	9,954,000	12,438,000	179.63	37.02	24.68%
1,000	62.50	21,000,000	1,050,000	125	24.69	42,000,000	8,295,000	10,569,000	149.69	31.46	25.16%
800	50.00	16,800,000	840,000	100	19.75	33,600,000	6,636,000	8,700,000	119.75	25.89	25.89%
600	37.50	12,600,000	630,000	75	14.81	25,200,000	4,977,000	6,831,000	89.81	20.33	27.11%
400	25.00	8,400,000	420,000	50	9.88	16,800,000	3,318,000	4,962,000	59.88	14.77	29.54%
300	18.75	6,300,000	315,000	38	7.41	12,600,000	2,488,500	4,027,500	44.91	11.99	31.96%

Total taxes & fees = total licenses & fees + wholesale tax + retail tax. Per ounce taxes & fees = total taxes & fees / production ounces

Wholesale	Retail	Per Ounce Tax & Fees					Gross Tax & Fees				
		wholesale	retail	local sales	total local	state sales	wholesale	retail	local sales	total local	state sales
\$4,000	\$500	\$15.07	\$51.07	\$7.50	\$73.64	\$41.25	\$5,064,000	\$17,160,000	\$2,520,000	\$24,744,000	\$13,860,000
3,600	450	13.82	46.07	6.75	66.64	37.13	4,644,000	15,480,000	2,268,000	22,392,000	12,474,000
3,200	400	12.57	41.07	6.00	59.64	33.00	4,224,000	13,800,000	2,016,000	20,040,000	11,088,000
2,800	350	11.32	36.07	5.25	52.64	28.88	3,804,000	12,120,000	1,764,000	17,688,000	9,702,000
2,600	325	10.70	33.57	4.88	49.14	26.81	3,594,000	11,280,000	1,638,000	16,512,000	9,009,000
2,400	300	10.07	31.07	4.50	45.64	24.75	3,384,000	10,440,000	1,512,000	15,336,000	8,316,000
2,200	275	9.45	28.57	4.13	42.14	22.69	3,174,000	9,600,000	1,386,000	14,160,000	7,623,000
2,000	250	8.82	26.07	3.75	38.64	20.63	2,964,000	8,760,000	1,260,000	12,984,000	6,930,000
1,800	225	8.20	23.57	3.38	35.14	18.56	2,754,000	7,920,000	1,134,000	11,808,000	6,237,000
1,600	200	7.57	21.07	3.00	31.64	16.50	2,544,000	7,080,000	1,008,000	10,632,000	5,544,000
1,400	175	6.95	18.57	2.63	28.14	14.44	2,334,000	6,240,000	882,000	9,456,000	4,851,000
1,200	150	6.32	16.07	2.25	24.64	12.38	2,124,000	5,400,000	756,000	8,280,000	4,158,000
1,000	125	5.70	13.57	1.88	21.14	10.31	1,914,000	4,560,000	630,000	7,104,000	3,465,000
800	100	5.07	11.07	1.50	17.64	8.25	1,704,000	3,720,000	504,000	5,928,000	2,772,000
600	75	4.45	8.57	1.13	14.14	6.19	1,494,000	2,880,000	378,000	4,752,000	2,079,000
400	50	3.82	6.07	.75	10.64	4.13	1,284,000	2,040,000	252,000	3,576,000	1,386,000
300	38	3.51	4.82	.56	8.89	3.09	1,179,000	1,620,000	189,000	2,988,000	1,039,500

State sales tax = retail per ounce * 8.25%. Local sales tax = retail per ounce * (total retail tax - 8.25%).

Gross retail tax includes dispensary license fees, gross wholesale tax includes cultivation license & application fees.

864,000 360,000 license fees included

- City of Oakland Agenda Report 13 Jul 10 - <http://clerkwebsvr1.oaklandnet.com/attachments/25359.pdf>

- The 1.8% marijuana tax took effect one year ago on 21 July 2009. Dispensary sales increased 40% between 2008 and 2009 to \$28 million on 6,000 pounds with a price of \$291/ounce retail and \$3,000/pound wholesale.

- The Rand study's floor price of \$38/ounce retail (before tax) occurs at \$300/pound wholesale with 100% markup, from their Altered State? study released July 2010.

Notes

- Ordinance 1285 passed 17 Feb 2004, permitted 4 licensed dispensaries
- Oakland Business Tax Revenue Division reports that in 2009 the 4 dispensaries sold \$28 million gross sales.
- Add Chapter 5.81 to Title 5: Business Taxes Permits & Regulations creating responsible transfer permits for California dispensaries outside of Oakland to purchase from permitted Oakland cultivators.
- Prop 19 gives localities discretion to allow, regulate and tax production and distribution
- June 2009 Oakland passed Measure F by 80%, with no formal opposition, 1.8% tax
- dispensary sales increased 40% between 2008 and 2009.
- administrative costs exceed one Full Time Employee (FTE)
- \$28 million represents approximately 6,000 pounds requiring 45,000 square feet of cultivation space
- Oakland Patient Center's dispensary license revoked for unlawfully transferring a non-transferable permit
- objective is to undercut 'unregulated cultivation' and 'lower the economic incentives'
- dispensaries expect that they will always purchase at least 20% from individual collective members
- 'current industrial cultivators have some claim to legality by maintaining a list of qualified patients for whom the cultivation is intended, or in at least one case, by keeping the cultivation divided into compartments, each belonging to a three-person collective.
- "reasonable transfer permits" will be sold to dispensaries in other cities that want to buy marijuana from Oakland (page 5)
- license fees are expected to offset 6-9 staff positions to administer marijuana cultivation and distribution. (page 9)
- projected bay area consumption of marijuana is 350,000 pounds which would require 175,000 square feet. Oakland assumes it can get 60% of that market (page 10)
- estimates there are 10 to 15 credible and experienced large scale growers that could meet city requirements for a permit
- strikes language allowing written recommendation, only state ID cards may be used to validate patient status
- strikes prohibition on smoking at dispensary (page 24)
- provide litter removal twice a day and within 100 feet of premises (page 25)
- dispensaries must disclose percent of tetrahydrocannabinol, cannabidiol, and cannabitol, tracking system for each batch (page 25)
- 6 dispensaries at \$60,000 each, a dispensary is a collective with 4 or more patients
- cultivation of more than 4 pounds or 96 square feet must be licensed
- limits cultivation per patient per parcel to 32 square feet, with a maximum of 3 patients with 96 square feet per parcel.
- extension cords prohibited, electrical equipment must plug into wall or be hardwired (page 36)

Rand Study

- a single 5 x 5 home grow could provide enough for 50 average users (page 7)
 - with a yield of 500 pounds per acre, the cost of industrial farming falls to about \$1/pound
 - If the THC content per unit weight is even one-quarter in leaves what it is in the buds (e.g., 2.5% vs. 10% THC by weight), then the leaves and other materials would contain almost half (46%) of the total THC produced. (page 17)
 - If agricultural production cost is about the same as cherry tomatoes the upper limit of the production cost is \$8/pound. (page 17)
 - If agricultural production cost is about the same as lettuce or asparagus the cost per pound is \$2.50.
 - 4,400 acres could produce enough to supply the entire U.S. market of 5,000 metric tons. The U.S. has over 922 million acres of farmland with about 300 harvested each year.
 - it would take about 20,000 grow houses to produce the same amount. There are 75 million owner-occupied houses in the U.S. and 200,000 recently constructed that are vacant.
- Oakland has 40% increase in production over previous year, cost in San Francisco have fallen \$20.

Articles

NPR Economic Anxiety Makes City Mellow On Pot Farms <http://www.npr.org/templates/story/story.php?storyId=128752964>

- Wilcox's warehouse is about 43,000 square feet and has been vacant for ten years

18 May 2010 | NBC Bay Area – Pot Growers Troubled by Falling Prices <http://www.nbcbayarea.com/news/local-beat/Pot-Growers-Troubled-by-Falling-Prices-jw-93964829.html>

1 Aug 2010 | San Jose Mercury News – Oakland's pot dreams could burst http://www.mercurynews.com/news/cj_15645236

- Perhaps the most convincing argument arrived in a report commissioned by Jeff Wilcox, a retired contractor who first approached city leaders about the commercial grow idea. His proposal for a 100,000-square-foot AgraMed cultivation facility would produce 21,000 pounds of pot with a wholesale value of \$60 million. That translates into \$3 million in new tax revenue for the city and 300 to 400 jobs for Bay Area residents — from just one business.

27 Jul 2010 | San Francisco Chronicle – Oakland puts parcel tax on ballot <http://www.sfgate.com/cgi-bin/article.cgi?f=%2Fc%2Fa%2F2010%2F07%2F26%2FBAC91EK52A.DTL>

- The measure would tax medical marijuana dispensaries, growers and other processors 5 percent on top of other taxes. In addition, if state Proposition 19 passes and adult recreational use of marijuana becomes legal, the new tax would be 10 percent. Medical cannabis is already subject to sales tax, which in Oakland is 9.75 percent. Cannabis businesses already pay 1.8 percent in addition to that.

27 Jul 2010 | The Oakland Tribune – Oakland police union makes offer to save jobs - http://www.insidebayarea.com/oaklandtribune/localnews/cj_15608301

- Earlier in the evening the council overcame pleas and threats from the medical cannabis industry and voted 5-0-3 to tax medical cannabis businesses -- both dispensaries and new cultivation businesses -- at 5 percent, and to tax recreational marijuana cultivation and sales -- if a statewide ballot measure passes in November -- at 10 percent.

26 Jul 2010 | Bay Citizen – Oakland City Council Agrees to Tax Cannabis <http://www.baycitizen.org/marijuana/story/oakland-city-council-agrees-tax-cannabis/>

- The Oakland City Council voted 5-0 to tax medical marijuana dispensaries and growers 5 percent of their total revenue in a meeting Monday. Under the plan, Oakland will also levy a 10 percent tax on recreational pot if state voters pass Proposition 19 and legalize the drug in November.