



## THE POT PROFITEERS' TAX RIP-OFF: A BAD DEAL FOR OHIO

### *State of Ohio Tax Revenue Comparisons: Casinos Versus Marijuana*

Background: In 2012, Ohioans voted to amend the State of Ohio Constitution to permit casino gambling and created specific tax rates and uses for casino tax revenue.

A Big Difference—A Bad Deal: Just as the proposed statute to legalize recreational marijuana use and sales was written and supported by the commercial marijuana industry, the casino amendment was written and supported by the casino gambling industry. Unlike the casino industry, however, the commercial marijuana industry has proposed a low tax rate for itself, despite significantly higher revenue projections than casinos over the next five years.

If this was not self-serving enough, the commercial marijuana industry is also seeking to have more than a third of the state's tax revenues invested back into itself through a "social equity" program to help people from traditionally disadvantaged groups receive state subsidies to start up marijuana-related businesses.

No Money for Key Needs: At the same time, the commercial marijuana industry would allocate no money to Ohio's counties, unlike casino taxes, which give counties over *half* of total tax revenue. Counties administer Ohio's social services and will be faced with dealing with more drug abuse, addiction and other problems resulting from increased access to marijuana, yet would receive no money from marijuana excise taxes. Also, unlike the casino tax, which provides 34% of its total funds to public schools, the commercial marijuana industry would allocate nothing to public schools, despite the increased health risks to children from wider marijuana access and the need for robust health and safety education.

Bottom Line: This is a bad deal for Ohio. A low tax rate, state funds steered back into the industry, nothing for counties and nothing for schools? Ohioans shouldn't let themselves be ripped off by the Pot Profiteers.

### **2028 State of Ohio Tax Revenue, Projected** *(All Dollar Amounts in Millions)*

|   | MARIJUANA   | CASINOS       |
|---|---|---------------|
| <b>GROSS REVENUE<br/>(2028 Projection)</b>                                    | \$4,000   | \$1,150       |
| <b>STATE OF OHIO TAX RATE(S)</b>  | 15.75%<br><i>(10% Cannabis Excise Tax plus<br/>5.57% State of Ohio Sales Tax)</i> | 33%           |
| <b>STATE OF OHIO TAX REVENUE</b>  | \$630<br><i>(\$400 in excise taxes, \$230 in<br/>sales taxes)</i>                 | \$380         |
| <b>ALLOCATION</b>   |   |               |
| <b>Counties<br/>(Statewide by Population)</b>                                 | 0%<br>\$0   | 51%<br>\$194  |
| <b>Public Education<br/>(To All Counties by Public School<br/>Population)</b> | 0%<br>\$0   | 34%<br>\$129  |
| <b>Host Cities</b>  | 36%<br>\$144  | 5%<br>\$19    |
| <b>State Agencies/Administration</b>  | 3%<br>\$12  | 10%<br>\$30.4 |
| <b>Addiction</b>  | 25%<br>\$100  | 2%<br>\$7.6   |
| <b>Social Equity</b>  | 36%<br>\$144  | 0%<br>\$0     |

## Methodology and Assumptions

- Casinos:
  - Revenue: [\\$1.015 billion in 2022](#) plus 2% annually through 2028—the historical growth rate
  - Tax Rate: 33% as established in Ohio's Constitution
- Marijuana
  - Revenue: \$4 billion by 2028 ([“What Tax Revenues Should Ohioans Expect if Ohio Legalizes Adult-Use Cannabis? August 2023 Update” Hrdinova, Jana and Ridgway, Dexter, The Ohio State University Moritz College of Law, Drug Enforcement and Policy Center.](#))
  - Tax Rates: 10% excise tax as proposed in the initiated statute and 5.75% State of Ohio sales tax. Additional sales tax is levied by each county at varying rates.

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