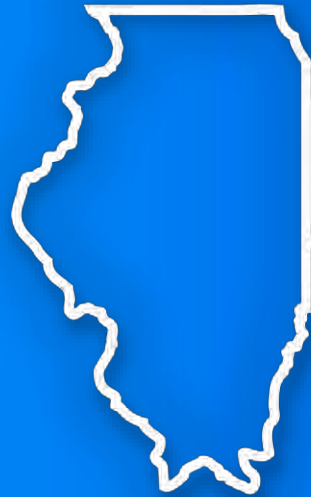




ILLINOIS REVENUE



Legalization of Cannabis in Illinois – Revisited

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Disclaimer

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Background on Illinois Cannabis Legalization



What have been the main effects of the Cannabis Regulation and Tax Act on the Illinois economy?

- The Cannabis Regulation and Tax Act is a complex package of public policies and changes to prior policy.
- Three key policy areas are Criminal Justice, Public Health, and Economy.
- Policies in each of these areas have had a unique effect on the Illinois economy.

Timeline of Cannabis Legislation:

- Passage of Public Act 98-0122 creates the Compassionate Use of Medical Cannabis Pilot Program Act, effective January 1, 2014
- First taxable sales of product began winter of 2016
- Passage of Public Act 101-0027 creates the Cannabis Regulation and Tax Act, effective June 25, 2019
- First taxable sales of product began January 1, 2020



The Legislative Intent of the Cannabis Regulation and Tax Act

- Address the inequities created by cannabis prohibition beyond legalizing its sale
- The act changes state criminal code, expunges sentences, creates grants, and provides preferential access to training and licensing to join the cannabis market
- Creates a legal market (based on the medical structure) to compete with the illicit market

Medical Cannabis Established the Basic Regulatory Framework for the Legal Cannabis Market in Illinois

- Five state agencies have jurisdiction over various parts of the market
- Allows the licensing of cultivators and dispensaries
- Establishes what authority state and locals each have
- Makes changes to various laws to account for legal cannabis consumption

The Regulatory Framework of the Adult Use Market

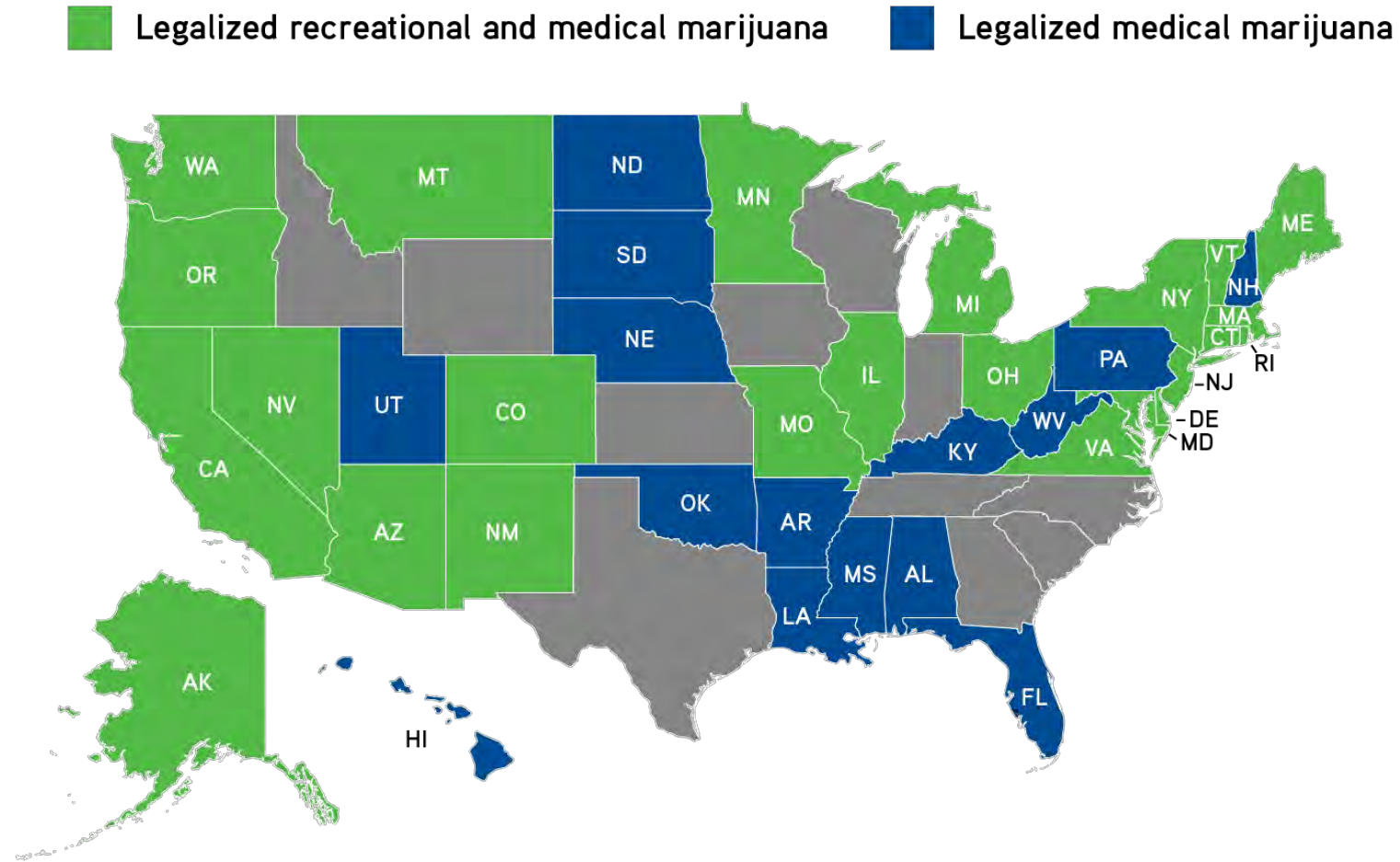
- Agencies retain their existing jurisdictions, each covering medical and adult use
- Adds craft growers, infusers and transporters as new licenses
- Expands the number of licensed adult use cultivators and dispensaries
- Adds additional changes to address criminal justice issues, generally retains the changes made by the CUMCPA relating to legal cannabis consumption



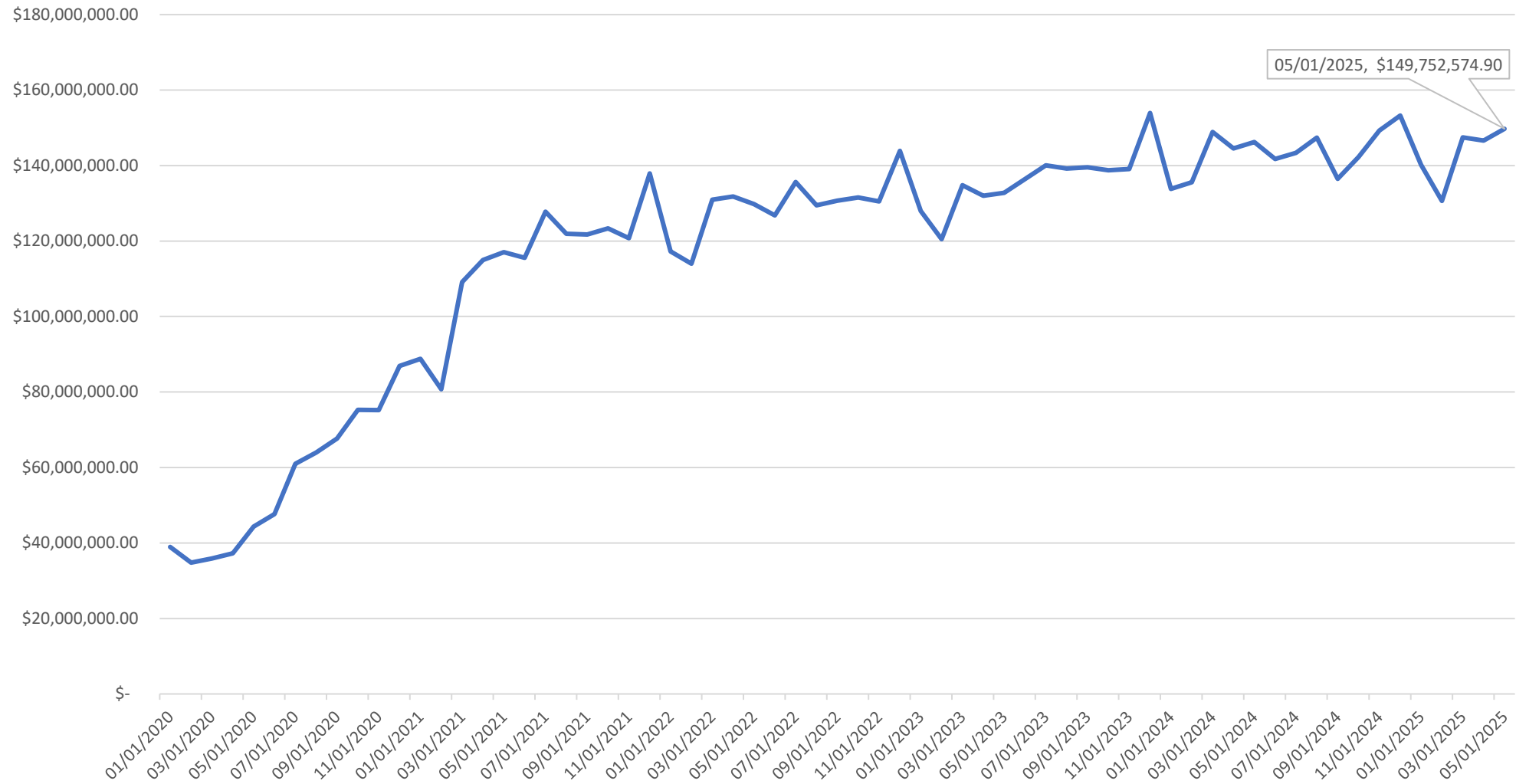
More on the Structure of the Illinois Cannabis Market – Adult Use

- 21 Cultivators, 87 Craft Growers and 55 Infusers (Agriculture)
- 261 Dispensaries (Financial & Professional Regulation)
 - Outside of Chicago metro – 98
 - Collar counties – 163
 - Chicago – 38
- All licensed facilities can produce and sell adult use cannabis products
- Adult Use Consumers are required to be at least 21, with a valid state photo ID
- No adult use home grow permitted

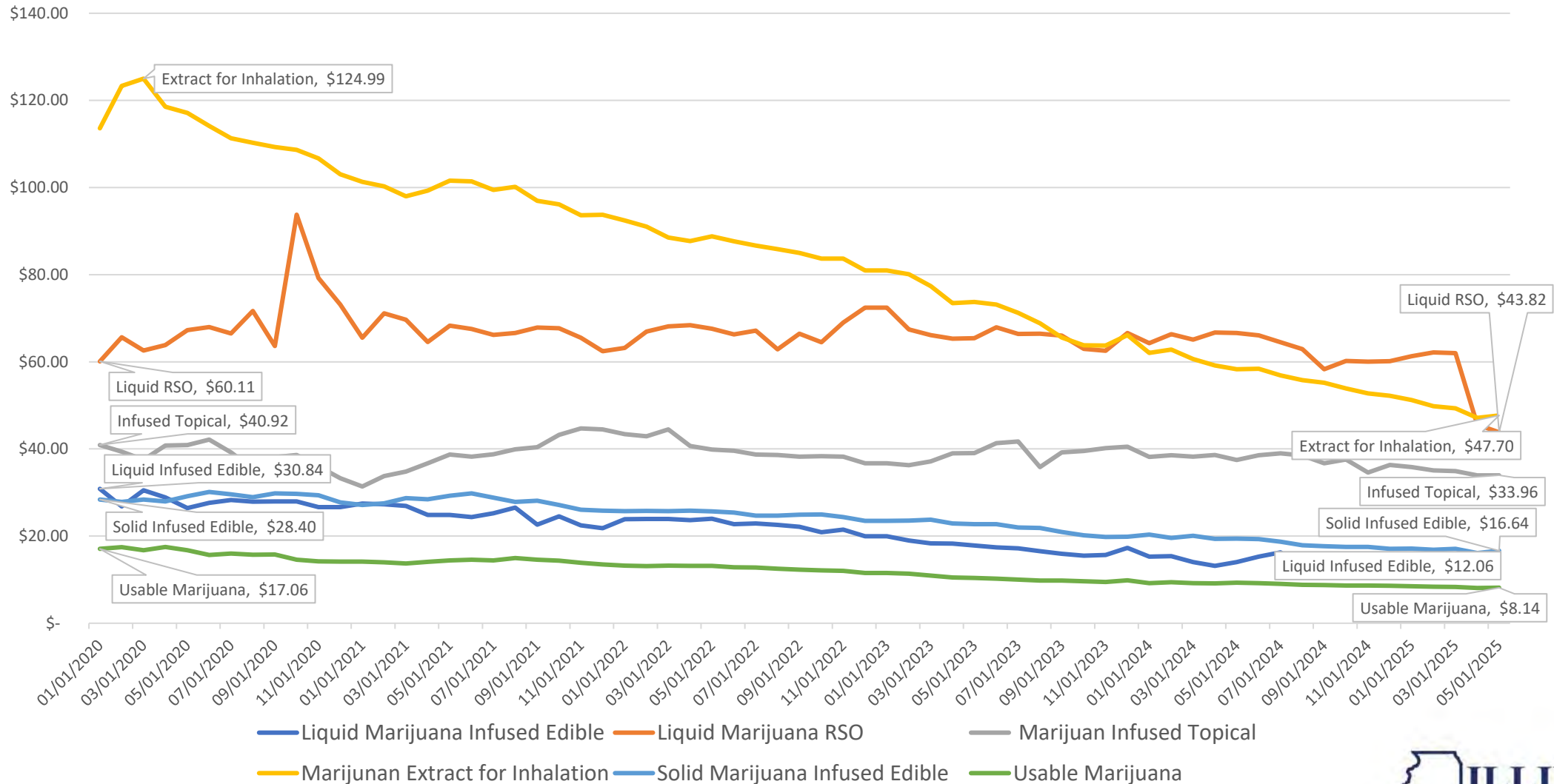
CANNABIS REMAINS ILLEGAL AT THE FEDERAL LEVEL AS LEGALIZATION SPREADS THROUGH THE STATES:



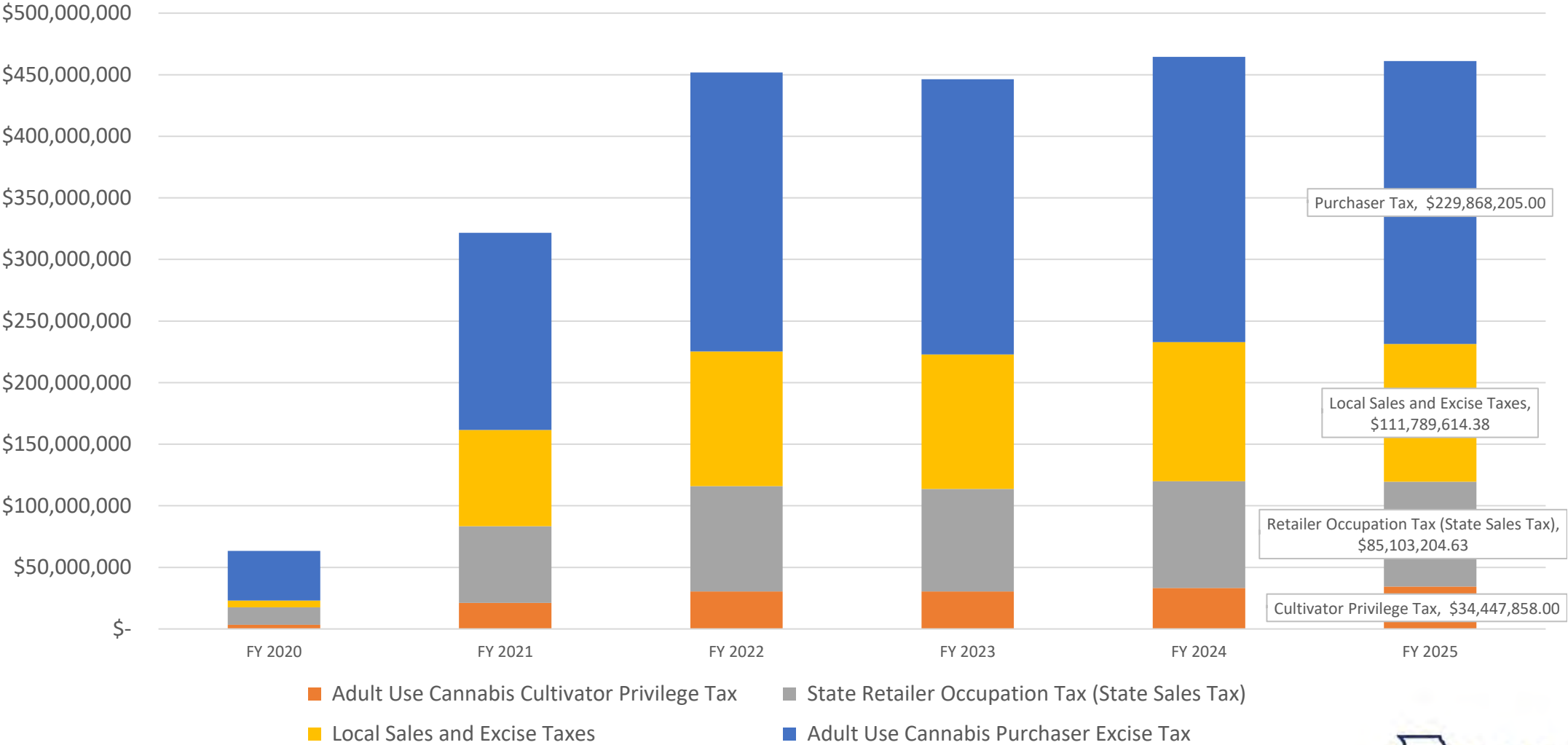
Adult Use Cannabis Sales by Month (Reported to IDFPR)



Adult Use Cannabis Products, Average Price per Month (Reported to IDFPR)



Tax Collections on the Sale of Adult Use Cannabis by Fiscal Year



Illinois Cannabis Market is Slowing Down

- The number of States that have legalized cannabis has increased significantly in recent years.
- As supply of cannabis has increased, the price has decreased.
- Illinois market increased significantly in earlier years but is reaching its maturity.
- There is growing competition from other non-regulated sellers -i.e. retailers that sell intoxicating hemp products that contain THC.
 - These products are often much less expensive and are not subject to the purchaser tax

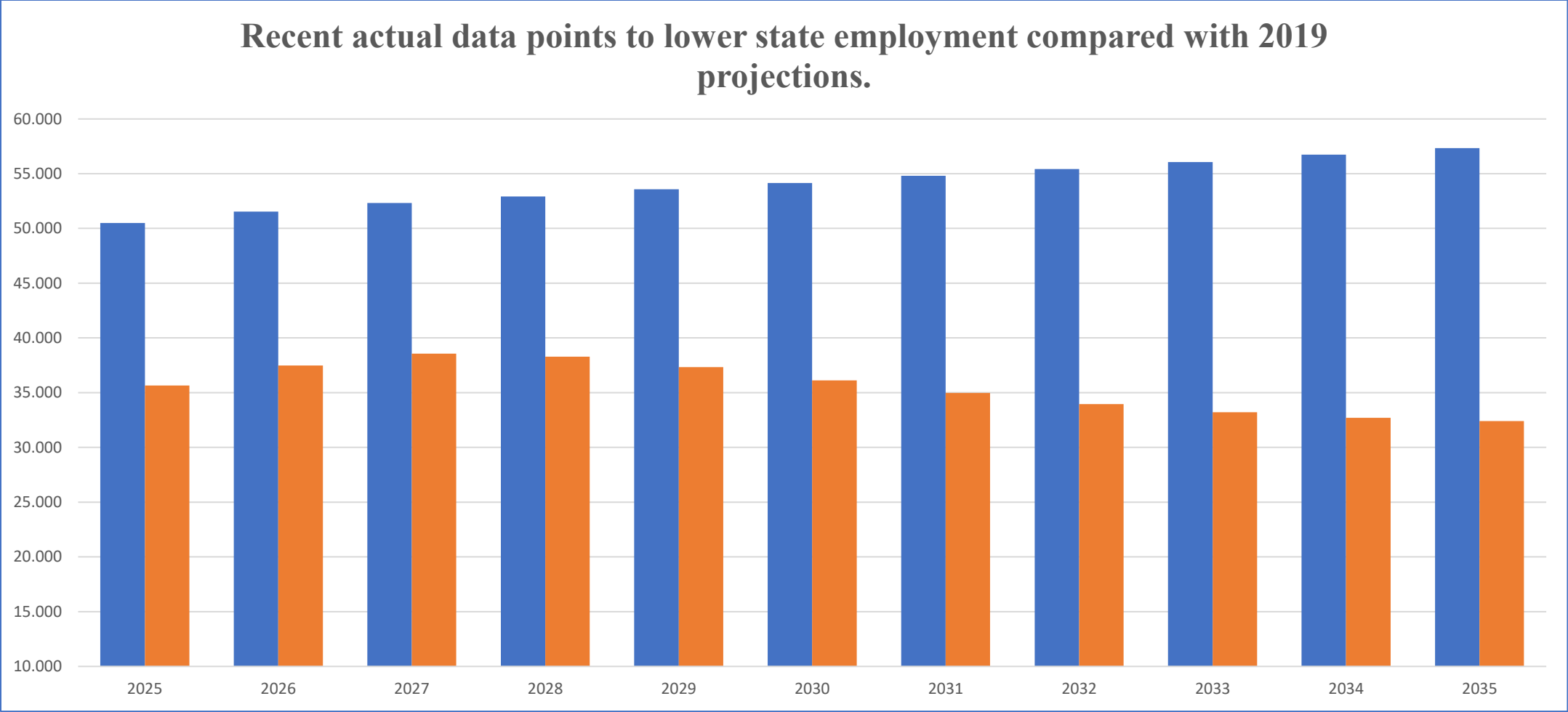


RESULTS:

2019 vs 2025 Estimates

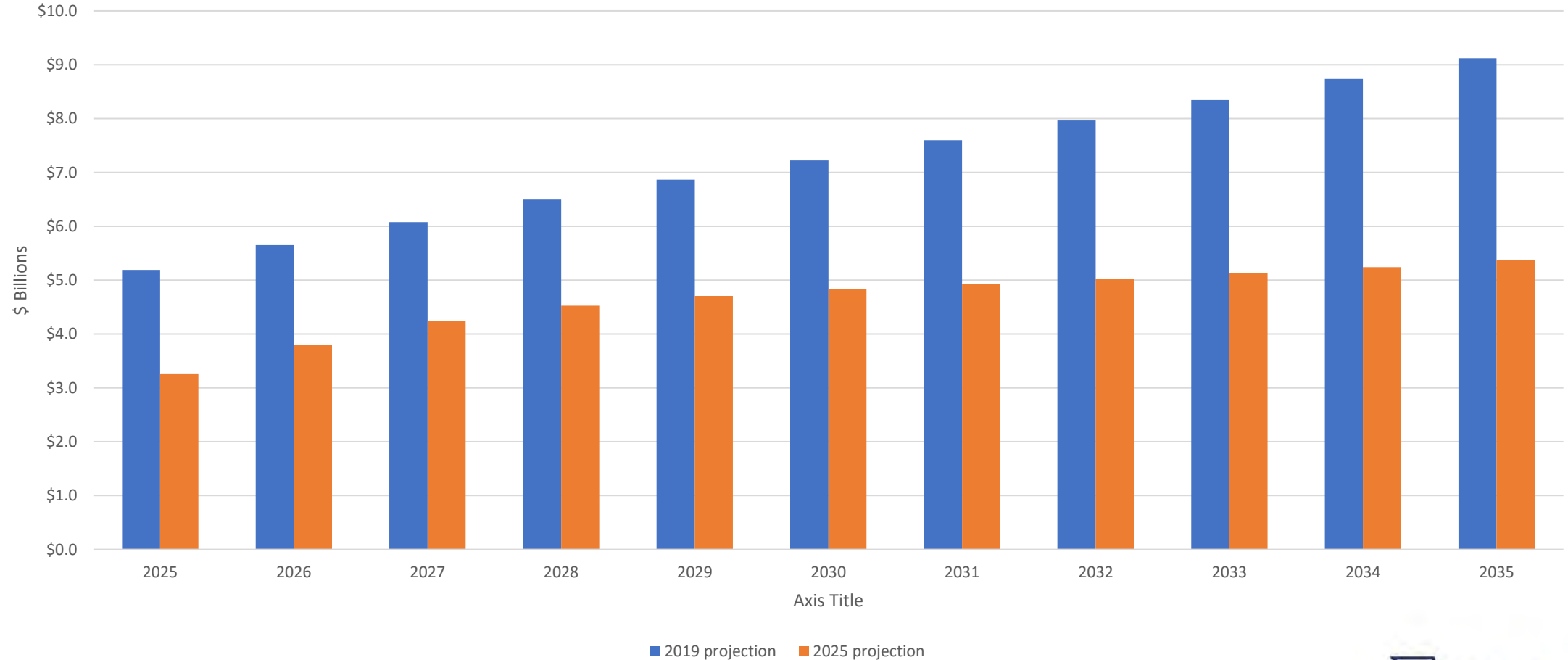


Cannabis Legalization Effect on Employment: 2019 vs 2025 Estimates



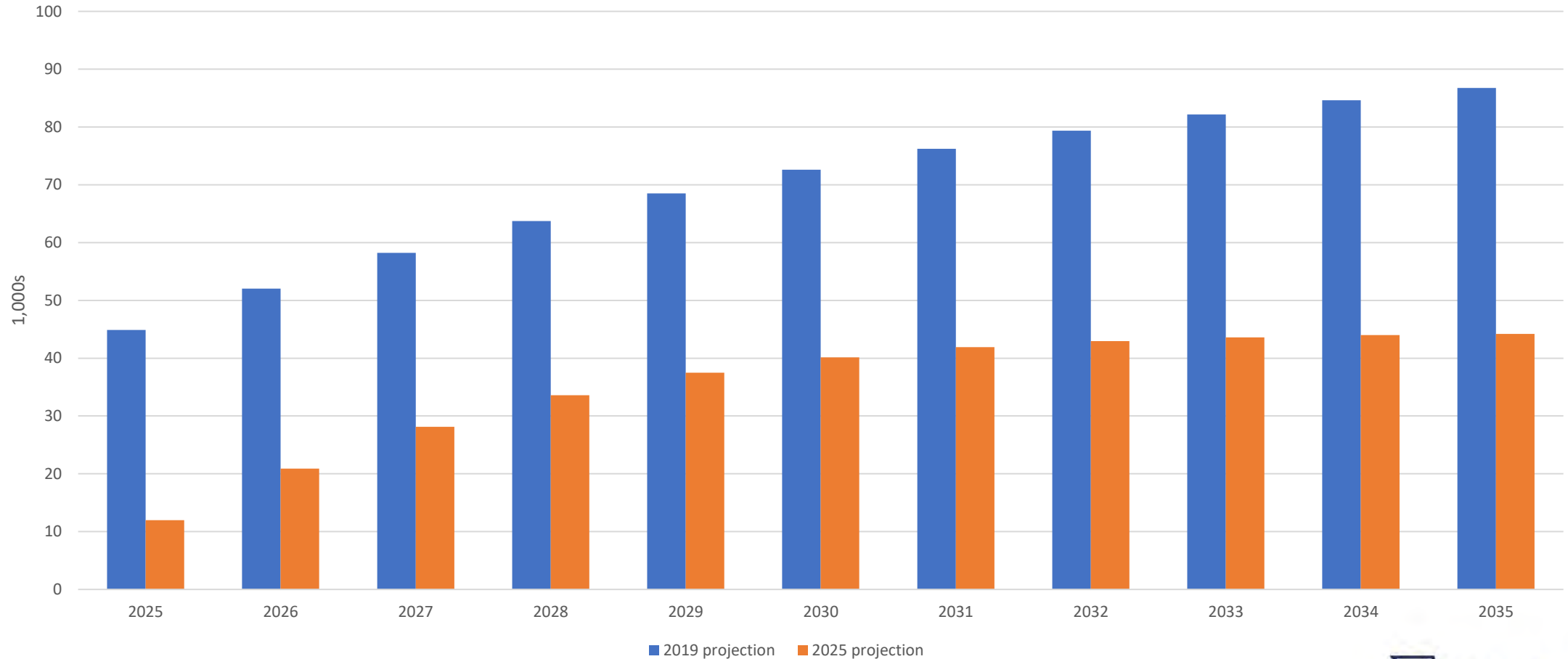
Cannabis Legalization Effect on Personal Income:

The effect on personal income also is lower than suggested by 2019 simulations.



Cannabis Legalization Effect on Population:

Projections using 2025 data are less optimistic regarding population growth



Nonetheless, Cannabis Legalization has Positive Effects on the Illinois Economy (2025 Estimates):

Category	Units	2025	2028	2029	2030	2033	2035
Total Employment	Thousands (Jobs)	35.649	38.288	37.330	36.121	33.213	32.405
Private Non-Farm Employment	Thousands (Jobs)	31.565	32.760	31.721	30.510	27.733	27.001
Population	Thousands	11.988	33.592	37.501	40.138	43.612	44.215
Labor Force	Thousands	8.476	20.712	22.848	24.198	25.465	25.482
Gross Domestic Product	Billions of Fixed (2017) Dollars	4.410	4.861	4.845	4.798	4.697	4.730
Personal Income	Billions of Current Dollars	3.266	4.527	4.709	4.832	5.125	5.380
Disposable Personal Income	Billions of Current Dollars	2.780	3.848	4.010	4.122	4.391	4.612

... And Legal Cannabis has a Positive Effect on the Labor Market (Selected Sectors):

Industry/ 1,000s jobs	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Construction	3.410	4.481	4.787	4.573	4.081	3.484	2.899	2.380	1.961	1.645	1.425
Food manufacturing	2.835	2.816	2.804	2.789	2.774	2.761	2.752	2.742	2.738	2.735	2.733
Chemical manufacturing	2.690	2.682	2.675	2.669	2.663	2.657	2.652	2.649	2.646	2.644	2.642
Wholesale trade	3.428	3.419	3.405	3.368	3.321	3.275	3.233	3.198	3.172	3.153	3.139
Retail trade	4.890	4.949	5.052	5.040	4.970	4.878	4.788	4.703	4.639	4.587	4.550
Professional, scientific, and technical services	1.674	1.786	1.845	1.842	1.808	1.763	1.723	1.688	1.677	1.673	1.678
Administrative and support services	1.747	1.759	1.774	1.744	1.694	1.641	1.594	1.553	1.533	1.519	1.516
Ambulatory health care services	1.293	1.162	1.128	1.070	1.009	0.956	0.916	0.890	0.878	0.877	0.886
Food services and drinking places	1.191	1.275	1.411	1.489	1.532	1.552	1.562	1.563	1.565	1.567	1.572
Farm	2.581	2.581	2.581	2.581	2.581	2.581	2.581	2.581	2.581	2.581	2.581

Next Steps:

- Measure the effect on expungement (as it relates to cannabis offenses)
 - Effect on employment and income
- Cannabis legalization potential effect on reducing recidivism
- Effect on traffic safety (DUI arrests , offenses, fatalities)
- Measure the effects on the cost of imprisonment and on the cost of policing
- Effects on the public health system



Additional Notes



Distribution of Adult Use Cannabis Tax Revenues (1 of 3)

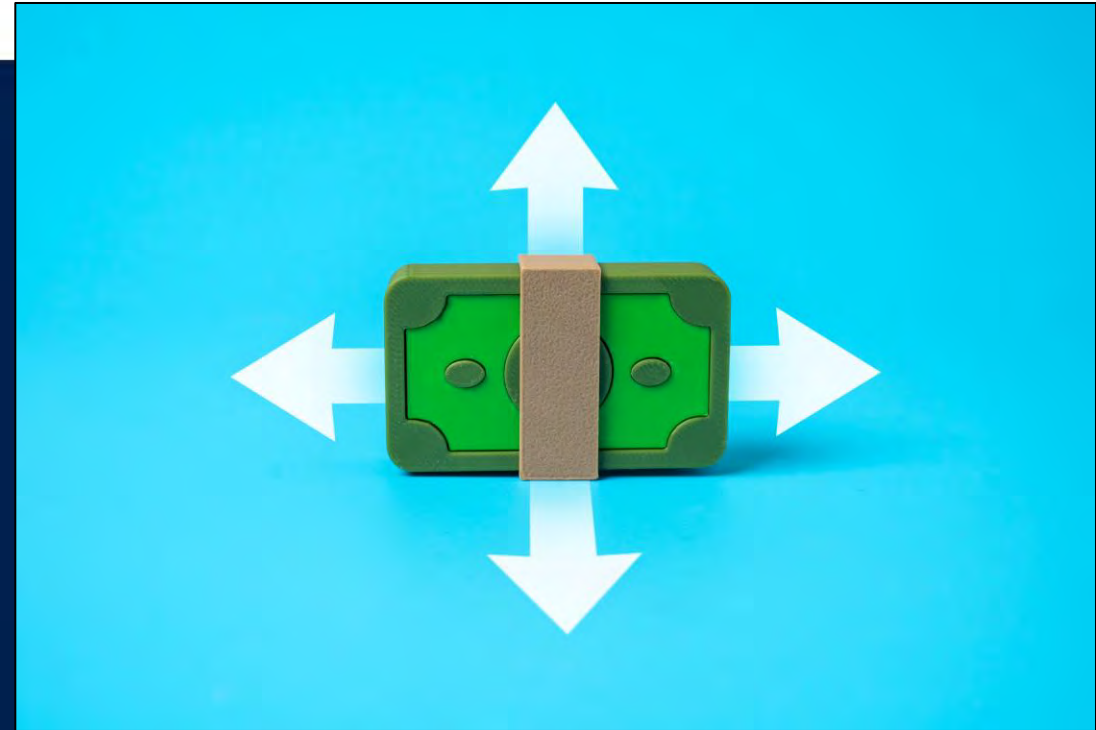
In addition to all existing taxes, adult use licensees are liable for the following state taxes

- **Cultivators: Cannabis Cultivator's Privilege Tax**

410 ILCS 705/60

7% tax on the price of cannabis sold from a cultivator to a dispensary

100% of funds from the tax are receipted into the Cannabis Regulation Fund



Distribution of Adult Use Cannabis Tax Revenues (2 of 3)

- **Dispensaries: Cannabis Purchaser Excise Tax**

410 ILCS 705/65-35

Tax on the purchase price of cannabis

- 10% - dry cannabis leaf at or below 35% THC
- 25% - dry cannabis leaf above 35% THC
- 20% - any infused products

100% of funds from the Purchaser Excise Tax are receipted into the Cannabis Regulation Fund

- Licenses, fees, and statutory transfers also pay into the fund
- In addition to all existing sales taxes there is also an additional County and Municipality retailers' occupation tax specifically for adult use cannabis. Revenues from these taxes go back to the local government.

Distribution of Adult Use Cannabis Tax Revenues (3 of 3)

Money is Distributed from the Cannabis Regulation Fund in the following order

1. Appropriations for the costs of implementation and administration of the act
2. Appropriations for the costs of expungement, plus cumulative deficiencies from prior months
3. Of any moneys remaining...
 1. 2% to Drug Treatment Fund
 2. 8% to Local Government Distributive Fund for CJ related expenses
 3. 25% to Criminal Justice Information Projects Fund for the Restore, Reinvest, and Renew Program
 4. 20% to Department of Human Services Community Services Fund for substance abuse prevention and mental health
 5. 10% to Budget Stabilization Fund
 6. 35%, or any remaining balance, to General Revenue Fund

Adult Use Cannabis Consumption Limits

Residents

30 grams or cannabis flower

5 grams of cannabis
concentrate

500 mg of THC in Infused
products

Non-residents

- 15 grams of cannabis flower
- 2.5 grams of cannabis concentrate
- 250 mg of THC in infused products

References

- The Compassionate Use of Medical Cannabis Program Act. 410 ILCS 130/.
- Compassionate Use of Medical Cannabis Pilot Program (Agriculture). 8 Ill. Adm. Code 1000.
- Rules for Administration of the Compassionate Use of Medical Cannabis Pilot Program (Financial and Professional Regulation). 68 Ill. Adm. Code 1290.
- The Cannabis Regulation and Tax Act. 410 ILCS 705/.
- Cannabis Regulation and Oversight Officer's Office - <https://cannabis.illinois.gov/>
- The Economic Impact of Marijuana Legalization in Colorado. Marijuana Policy Group. October 2016.
- MCPP Update – September 12, 2019. Medical Cannabis Pilot Program Website. State of Illinois. https://www2.illinois.gov/sites/mcpp/Pages/update0912209_mcphp.aspx. Accessed 9/18/19.
- Tax collections totals were calculated by running a SQL query against the CC-1 and CD-1 return tables located in the DRSCHPRD SQL DB. Query was run on 10/16/2025. Queries are saved to the shared drive location for this project.
- 2025 Cannabis market data is from the Metrc Seed to Sale tracking system. Data prior to 7/1/25 was reported in the Biotrack Seed to Sale System and ported over to Metrc during the system change over. Data accessed via an SQL query in the snowflake client on 10/16/25
- Cannabis price data was downloaded from the CROO website's public tableau workbook on 10/16/25. <https://cannabis.illinois.gov/research-and-data./sales-figures.html>