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FEBRUARY MARIJUANA REVENUE STATISTICS NEWS RELEASE

April 23, 2018

Eight months into the fiscal year, Nevada has already brought in 83 percent of the year's projected marijuana tax revenue

Statement from Bill Anderson, Executive Director, Nevada Department of Taxation

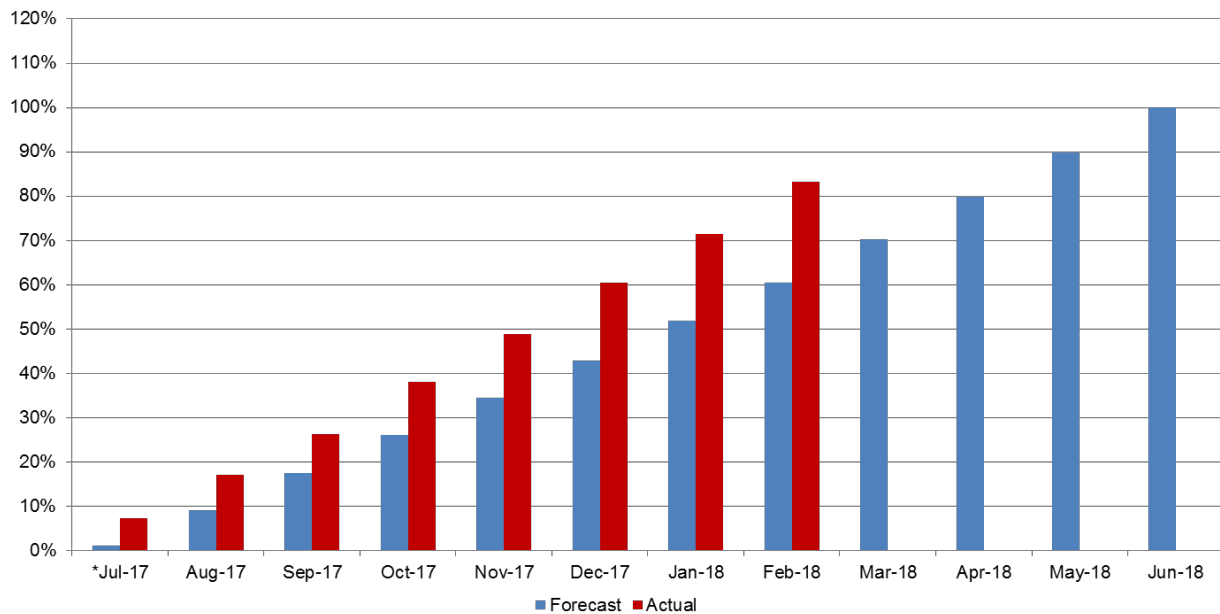
February marked the eighth month of adult-use marijuana sales in Nevada, which began last July, and tax revenues continue to top projections from this nascent industry. Marijuana taxes brought in a total of \$5.95 million for the month, the largest month of tax revenue so far. Two-thirds of the way through the fiscal year, marijuana has generated \$41.88 million in total tax revenue – which amounts to about 83 percent of what was projected for the entire fiscal year. This includes revenue from two different taxes and a mix of both medical and adult-use sales. The Wholesale Marijuana Tax, which is paid by cultivators on both medical and adult-use marijuana, brought in \$2.4 million for the month and \$15.51 million fiscal year to date. The Retail Marijuana Tax, which is paid by consumers on adult-use marijuana purchases (not medical), brought in \$3.54 million for February and \$26.37 million fiscal year to date. The trend we are seeing is that the Wholesale Marijuana Tax is tracking slightly above projections and is showing steady growth each month. The Retail Marijuana Tax has come in significantly above projections each month, though we see some fluctuation from month to month in the dollar amount. Total taxable sales of adult-use marijuana reached \$35.35 million in February, making it the third largest month since adult-use sales began. The overall revenue picture is strong and, if it continues the path it is currently on, we can expect to see end-of-year revenue totals that substantially exceed expectations.

Highlights & Background

- Total taxable sales of adult-use marijuana to date is \$263.72 million
- Total combined taxable sales for medical marijuana, adult-use marijuana, and marijuana-related tangible goods for the first eight months of the fiscal year is \$336.43 million
- The total amount of marijuana tax revenue projected for fiscal year 2018 is \$50.32 million
 - Fiscal year 2018 projections for Wholesale Marijuana Tax are \$23.84 million
 - Fiscal year 2018 projections for Retail Marijuana Tax are \$26.48 million
- October 2017 was the second largest month of marijuana tax revenue at \$5.84 million; July 2017 was the smallest at \$3.68 million
- Marijuana-related fees, penalties, and assessments have generated \$9.53 million to date

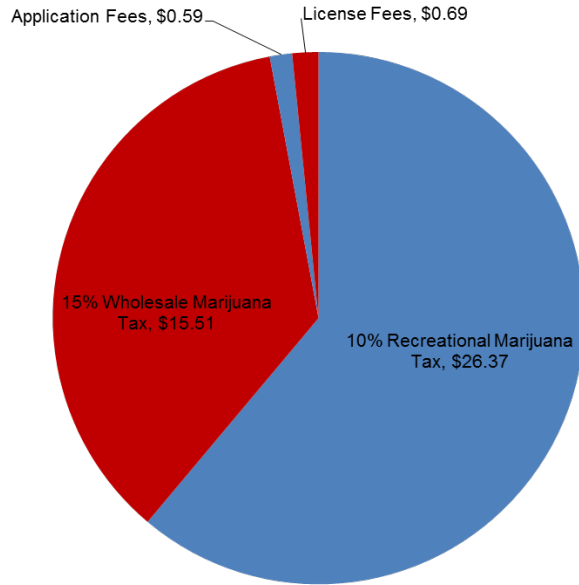
- The Wholesale Marijuana Tax rate is 15 percent
 - This is charged on the Fair Market Value at Wholesale rate set by the Department
 - The revenues from this tax, along with fees/penalties/assessments, first go to fund the Department’s costs of administering the marijuana program, \$5 million per fiscal year goes to local governments to cover their costs, and the remainder goes to education via the state Distributive School Account
 - In March, the Department issued its first \$5 million disbursement to local governments
 - The Department will make the fiscal year 2018 distribution to the state Distributive School Account at the end of the fiscal year, estimated to be approximately \$25 million
- The Retail Marijuana Tax rate is 10 percent
 - This is calculated on the sales price paid by the consumer
 - The revenues from this tax go the state Rainy Day Fund
 - Through February, the Department has distributed all \$26.37 million to the Rainy Day Fund
- As of April 2018, the Department has issued a total of 316 “final” licenses/registration certificates for adult-use and medical marijuana establishments
 - Number of adult-use licenses issued by type: 115 Cultivation, 80 Product Manufacturing, 61 Retail Stores, 34 Distribution, and 9 Laboratory

During the first eight months of the fiscal year, about 83% of excise taxes projected for the entire year have been collected

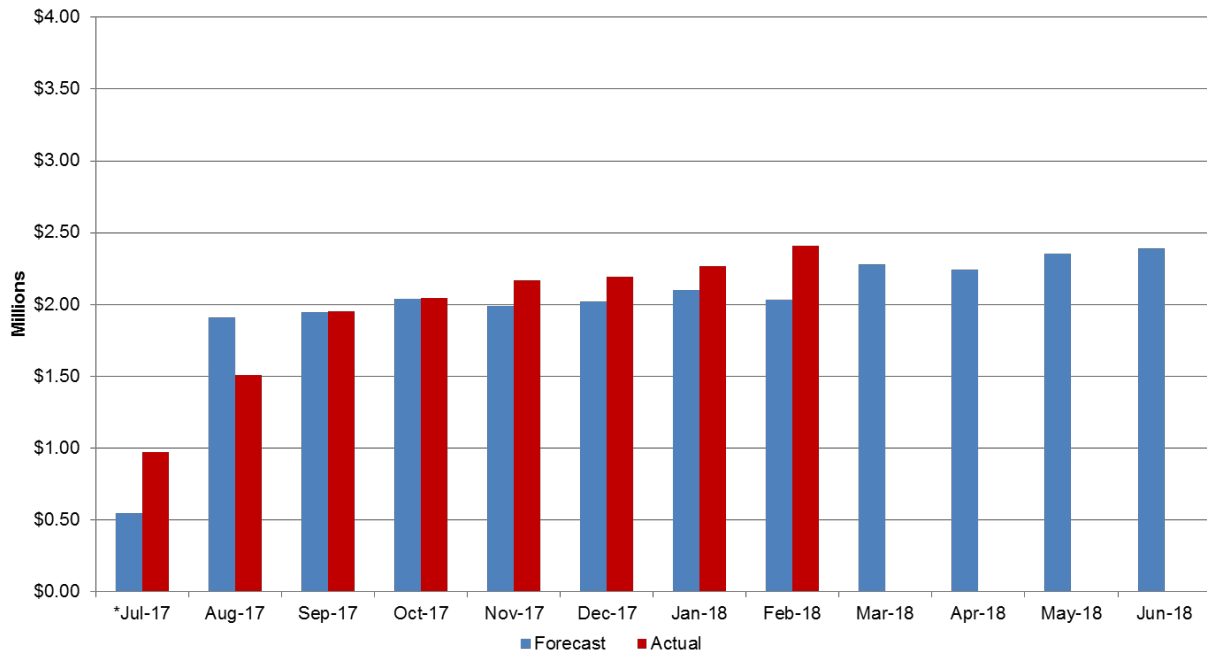


*No revenue estimated in recreational market for July 2017 due to uncertainty of local governments issuing permits before July 1st.

\$41.88M in excise tax collections through February vs. \$50.32M forecasted for entire year

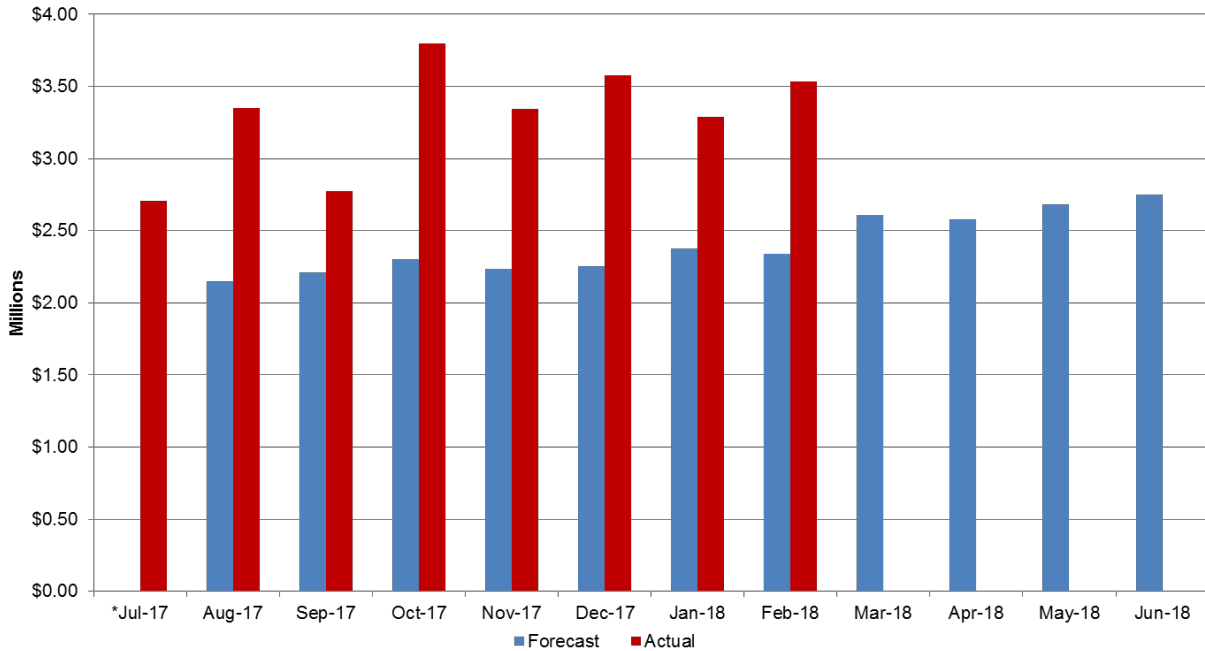


15% Wholesale Marijuana Tax revenues hovering around \$2-\$2.5M per month; Trending a bit upward; Slightly above forecast



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**10% Retail Marijuana Tax collections coming in well above projections;
 February is 3rd strongest month of revenue to date**



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316 “Final” marijuana registration certificates/licenses issued for medical and adult-use marijuana establishments

