**Fiscal Facts: Changing Midwest Marijuana Landscape Impacts Wisconsin**

Since late 2019, sales of recreational marijuana have begun in two of Wisconsin’s neighboring states, while a third appears poised to legalize the substance soon.

As of January 2023, three out of every ten Wisconsin residents above the age of 21 live within an hour’s drive of a legally-operating, recreational marijuana dispensary. When that zone is expanded to a 75-minute drive, 50% of all Wisconsinites of legal age (about 2.16 million individuals) can drive to a recreational dispensary, including all residents of major cities like Milwaukee and Madison.

Both Michigan (2018) and Illinois (2019) have passed laws legalizing marijuana, with Michigan opening its first recreational dispensaries in December 2019 and Illinois stores debuting in January 2020. Since then, more than 100 locations in Illinois and 600 locations in Michigan have begun sales. Meanwhile, Minnesota lawmakers have legalized marijuana for medical purposes and appear poised to approve recreational use of the drug by the end of the year.

While the possession and usage of marijuana is still illegal in Wisconsin and federally, it may be increasingly difficult to prevent Wisconsinites from easily buying marijuana, as dispensaries continue to crop up near the state’s borders. In fact, new data from Illinois show that as much as one-third of the sales in that state are to visitors from other states, including Wisconsin.

Michigan’s law allows any state resident ages 21 and over to possess up to 2.5 ounces of marijuana and grow up to 12 plants at home. From 2019 until December 2022, sales of recreational marijuana increased by a factor of nearly 30, reaching their highest single month total of $208.3 million.

One explanation for the vast expansion of recreational marijuana purchases in Michigan has been growth in the number of municipalities that allow for its sale. In fiscal year 2021, Michigan also collected upwards of $111 million (about $11 per state resident) from its 10% recreational marijuana excise tax, which is collected in addition to the 6% state sales tax.

Illinois residents 21 and older may possess up to 30 grams of marijuana flower, five grams of concentrate, and 500 milligrams of marijuana in an infused product. Like Michigan, sales of recreational marijuana have risen rapidly. Illinois’ tax structure is significantly more complex than Michigan. In addition to a 6.25% state sales tax and up to 3.5% in local sales taxes, recreational marijuana is subject to a 7% gross receipts tax, and an excise tax of between 10% and 25%, depending on product type.

The Wisconsin Policy Forum takes no position on marijuana legalization for medical or recreational purposes. However, we hope to add context to our state’s marijuana policy debate by reviewing the changing marijuana legalization landscape in the Midwest.

For now, at least, other states and communities are receiving a financial benefit as a result of marijuana sales while Wisconsin still must confront many of the public health and public safety challenges that may emerge without any enhanced revenue.

While the law in Wisconsin has not changed greatly, the market for marijuana undeniably has through the actions of neighboring states. Each side in the legal and ideological debate – both supporters and opponents of legalization – should factor these on-the-ground changes into their deliberations.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at* [*wispolicyforum.org*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*