

Michigan's Legal Cannabis Market to Reach \$10B in Sales

Michigan's Cannabis Industry Set to Reach \$10 Billion Milestone in 2024

Michigan's marijuana retailers are on track to reach a significant milestone later this year, with total recreational cannabis sales nearing \$10 billion since the state's adult-use market was legalized in 2019. According to Bridge Michigan, a nonprofit news outlet, the state may have already crossed this threshold, marking a major achievement in the state's growing cannabis sector.

Cannabis Sales Approach \$10 Billion Mark

As of late October, state-licensed retailers had sold approximately **\$9.7 billion** worth of recreational marijuana products since the market's inception. With monthly sales averaging about **\$279 million**, experts predict that Michigan's cannabis sales will surpass the \$10 billion mark in the next few weeks, if they haven't already. Notably, these figures do not include sales in Michigan's separate medical marijuana market, which has also seen significant growth in recent years.

Sales data from the Michigan Cannabis Regulatory Agency (MCRA) is not updated in real-time, making it difficult to pinpoint an exact figure. However, based on recent trends and monthly sales figures, Michigan's marijuana retailers are poised to hit a record-breaking total in the coming months.

Slowing Sales Growth Amid Falling Prices

While Michigan's marijuana sales continue to climb, the pace of growth has slowed somewhat. Year-over-year sales by dollar amount dropped in October 2024, with **\$116.5 million** in sales compared to **\$118 million** during the same period in 2023. Experts point to several factors contributing to this decline, including falling marijuana prices.

In recent years, the price of marijuana has seen a sharp drop. For example, the price of an ounce of marijuana flower, which hovered around **\$400** in 2020, has plummeted to approximately **\$75** in 2024. The increase in cannabis cultivation and production in Michigan is a primary reason for the lower prices.

According to an MCRA spokesperson, "Michigan has more marijuana grow licenses—and therefore more marijuana product—in the market than ever before." While this has led to a more competitive market and lower prices for consumers, some retailers are finding it challenging to maintain profitability.

Beau Whitney, Chief Economist for the National Industrial Hemp Council of America, noted that the falling prices are a "good thing for consumers" but could create financial pressures for businesses that are already struggling to stay profitable. Despite these challenges, Michigan's cannabis industry has continued to break records, with the state reaching new monthly sales highs in 2024.

Record-Breaking Sales in 2024

Even as sales growth has slowed slightly, Michigan has set several new sales records this year. In March 2024, the state saw sales hit nearly **\$289 million**, and in August, the figure surpassed **\$295 million**. These record-breaking months highlight the ongoing demand for legal marijuana in the state, despite the overall slowdown in year-over-year growth.

Cannabis Tax Revenue Boosts Local and State Programs

Along with the increase in cannabis sales, the state has seen a surge in tax revenue generated by marijuana sales. In 2023, Michigan collected over **\$3 billion** in tax revenue from cannabis, a 49% increase from 2022. This revenue is being reinvested into local communities, education, and transportation projects across the state.

In **2024**, Michigan announced the distribution of more than **\$290 million** in marijuana tax revenue, with **269 municipalities** receiving a total of **\$87 million**. Additionally, **\$101.6 million** was allocated to education and transportation programs, marking a significant increase compared to previous years.

These funds come from the **10% excise tax** on recreational marijuana, which is among the lowest in the nation, in addition to the **6% state sales tax**. The growth in tax revenue has allowed Michigan to expand funding to various public services, benefiting local governments and education systems.

Social Equity and Industry Reform

In a bid to foster inclusivity and address the legacy of the War on Drugs, the Michigan Cannabis Regulatory Agency also launched a **social equity grant program** earlier this year. This initiative allocates **\$1 million** to support eligible marijuana businesses with education, business needs, and community reinvestment efforts.

Furthermore, Michigan lawmakers have been making strides in addressing other key aspects of the cannabis industry. One significant change, approved by the state Civil Service Commission in October 2023, ended pre-employment marijuana testing for most government employees. The new policy also allows individuals previously penalized for testing positive for THC to have their sanctions lifted.

Governor **Gretchen Whitmer** also signed two new bills into law in October 2023 that allow state-licensed marijuana businesses to engage in trade with tribal cannabis entities. This change was seen as a positive step toward expanding the legal cannabis market in the state.

Challenges in the Retail Sector

Despite the overall growth of the industry, Michigan's legal cannabis market continues to face challenges. One of the ongoing issues is the prevalence of **theft and burglary** at licensed marijuana retailers. The Michigan Chamber of Commerce has pointed out that these incidents highlight the pressing need for **federal cannabis banking reform**. Currently, cannabis businesses operate largely in cash due to federal restrictions on marijuana-related financial transactions. This reliance on cash creates security risks and increases the potential for theft.

In response to these challenges, there have been calls for Congress to pass legislation that would allow legal marijuana businesses to access traditional banking services, which would help reduce risks and streamline financial operations for the industry.

The Future of Michigan's Cannabis Market

Looking ahead, Michigan's legal marijuana market is expected to continue evolving. Lawmakers are working on aligning the state's **medical marijuana regulations** with those of the adult-use market, making it easier for patients and consumers to navigate the system. Additionally, new legislation has been introduced to legalize the possession and use of **psychedelic mushrooms** for individuals with post-traumatic stress disorder (PTSD), further expanding Michigan's approach to alternative therapies.

With cannabis sales continuing to grow, and with robust plans for reinvestment and industry reform, Michigan's marijuana market appears poised for continued success. Whether or not the state hits the \$10 billion milestone this year, it is clear that Michigan's legal cannabis industry is flourishing.

Michigan's marijuana industry has experienced rapid growth since the legalization of adult-use cannabis in 2019, reaching impressive sales figures and generating significant tax revenue. As the state edges closer to surpassing \$10 billion in sales, challenges such as price drops, theft, and industry regulation remain. However, ongoing reforms and strategic investments in social equity and infrastructure suggest a bright future for Michigan's cannabis market. Whether it's through new laws, tax revenue distribution, or expanding access to emerging markets, Michigan is becoming a key player in the U.S. cannabis landscape.

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