

Maryland Lawmakers Approve Cannabis Tax Increase

Maryland Lawmakers Approve Cannabis Sales Tax Increase as Part of New Budget Plan

ANNAPOLIS, MD — On Monday, Maryland lawmakers approved House Bill 352, a budget measure that includes an increase in the sales tax on adult-use cannabis. The bill has been sent to Governor Wes Moore for final approval and reflects the state's ongoing efforts to close a significant budget shortfall.

Retail Cannabis Tax to Rise from 9 Percent to 12 Percent in 2026

The legislation outlines an increase in the state's adult-use cannabis sales tax rate, moving it from the current 9 percent to 12 percent. The new rate is set to take effect beginning in fiscal year 2026 and will remain in place in the years following. Although lawmakers initially proposed raising the tax to 15 percent, the final agreement settled on a smaller increase.

Tax Increase Proposed as State Faces Multi-Billion Dollar Deficit

Maryland entered the current legislative session grappling with a projected \$3 billion structural budget deficit. Lawmakers see the cannabis tax hike as one of several potential tools to generate additional revenue without resorting to broader tax increases across other sectors of the economy.

Advocates Argue That Higher Taxes May Harm Legal Cannabis Industry

The tax increase has generated opposition from cannabis policy reform organizations and industry advocates, who argue that raising taxes on cannabis could make legal products less competitive with those on the unregulated market. They contend that higher retail prices may dissuade consumers from purchasing from licensed dispensaries, ultimately undermining the goals of legalization.

Other States Are Also Exploring Increases in Cannabis Taxes

Maryland is not alone in considering higher taxes on legal marijuana. Legislatures in California, Michigan, and New Jersey are also evaluating proposals to raise taxes on adult-use cannabis sales. In Ohio, Governor Mike DeWine has advocated for doubling the existing cannabis sales tax. While the Ohio House has rejected that proposal, the state Senate has expressed openness to the idea, keeping the issue alive in ongoing budget discussions.

Cannabis Policy Reform Groups Mobilize Against Nationwide Tax Hikes

Policy organizations are mobilizing grassroots opposition to cannabis tax increases through public education and direct advocacy. Legislative action alerts and resources are currently available for voters and stakeholders in states including California, Michigan, New Jersey, and Ohio through national cannabis advocacy platforms.

Impact of Tax Policy Will Be Closely Watched in Emerging Cannabis Markets

The outcome of Maryland's tax change, and similar proposals in other states, could have a ripple effect across the nation as more jurisdictions fine-tune their cannabis policies. As legal markets mature, lawmakers must balance revenue generation with the sustainability of a regulated, consumer-friendly cannabis economy.

Email: info@cannabisriskmanager.com | Phone: +415-226-4060

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