

Missouri Court Rules Cannabis Tax Stacking Unconstitutional

Missouri Supreme Court Rules Cannabis Tax ‘Stacking’ Unconstitutional

In a decision that could reshape how marijuana is taxed throughout Missouri, the state’s Supreme Court has ruled that local governments cannot double up on cannabis taxes—a practice that has been costing consumers millions of dollars annually.

Court Sides With Cannabis Retailer in Landmark Case on Taxation Limits

The 6-1 ruling issued Tuesday stems from a lawsuit filed by Robust Missouri 3, a licensed cannabis dispensary based in Florissant, Missouri. The business challenged what it called “tax stacking” by local governments specifically when both a city and its county imposed the maximum 3% local cannabis tax, resulting in a combined 6% local tax on top of state-level taxes.

Robust Missouri 3 argued that the 2022 constitutional amendment that legalized recreational marijuana was clear: the maximum allowable local tax is 3%, not 3% per government body.

The Missouri Supreme Court agreed, ruling that only one layer of local tax can be applied within incorporated municipalities.

A Win for Consumers: Immediate Relief from Double Local Taxation

This ruling effectively halts the practice in areas like St. Louis County, where both municipalities and the county had levied separate 3% taxes on cannabis sales.

According to Judge Mary Russell, who authored the majority opinion, Amendment 14 permits a 3% local sales tax on adult-use marijuana, but only within jurisdictions that have not already imposed such a tax.

This means cannabis customers in Missouri’s cities will no longer face stacked taxation, and as a result, consumers are expected to save approximately \$3 million each month, said Andrew Mullins, executive director of the Missouri Cannabis Trade Association (MoCannTrade).

Inside Amendment 14: The Language That Guided the Court’s Decision

Passed by voters in 2022, Amendment 14 legalized adult-use marijuana in Missouri and introduced a comprehensive framework for its taxation and regulation.

Among its provisions:

- A 6% state tax on non-medical cannabis.
- An optional 3% local tax at the discretion of cities, towns, or counties.
- No language explicitly allowing multiple overlapping local taxes.

It was the “plain language” of Amendment 14 that became central to the court’s analysis. The majority opinion emphasized that Missouri voters did not authorize cumulative local taxes exceeding 3%.

This clarity formed the basis for the court’s rejection of the county’s arguments defending their tax authority.

Backlash and Dissent: Not Everyone Agrees With the Court’s Interpretation

Although six of the seven justices concurred, one justice dissented, arguing that the amendment could be interpreted as allowing more flexibility for taxation at both municipal and county levels.

Some county officials and tax authorities have expressed concern that the ruling may deprive them of a meaningful revenue source—especially in regions where counties play a direct role in regulating and enforcing cannabis laws.

Proponents of the stacking system argued that both city and county services support cannabis regulation and public safety, and therefore both jurisdictions should be allowed to collect taxes to fund those services.

Industry Groups Applaud Decision, Call for More Tax Clarity

While public officials may be disappointed, Missouri’s cannabis industry is largely celebrating the outcome. The ruling not only reduces costs for consumers but also simplifies compliance for dispensaries and cultivators who have struggled to track and remit multiple overlapping taxes.

Mullins and other stakeholders argue that predictable and fair taxation is critical for the long-term success of the state’s cannabis industry—particularly as illicit markets still compete with licensed retailers.

What This Means for Dispensaries and Municipalities Going Forward

For dispensaries operating in incorporated areas, the ruling means they are now only obligated to collect a single 3% local tax, as determined by their specific municipality. Counties will only be allowed to collect the local cannabis tax in unincorporated areas.

Municipalities that relied on shared tax revenue with counties may need to revisit their budgets and tax-sharing agreements. Meanwhile, dispensaries will need to update their point-of-sale systems, tax software, and reporting methods to comply with the updated rules.

Legal experts caution that some local governments may attempt to pass new ordinances or propose future amendments to restore their lost tax authority.

Wider Implications: A National Debate on Cannabis Taxation and Fairness

Missouri isn’t the only state grappling with how to fairly tax marijuana.

States such as California, New York, and Illinois have faced criticism for complicated and burdensome tax structures that increase prices, hurt legal businesses, and unintentionally empower the black market.

Cannabis industry leaders warn that unreasonable taxation—whether through high rates or “stacking” practices can drive consumers away from licensed retailers and toward untaxed, unregulated sellers.

The Missouri ruling adds to a growing national conversation around transparency, equity, and simplicity in cannabis taxation.

More Legal Battles on the Horizon?

Although this decision provides clarity on one issue, it may spark new legal questions regarding cannabis taxation and regulation. For instance:

- How will counties recoup lost revenue?
- Will municipalities face pressure to repeal their 3% tax?
- Could a future amendment seek to explicitly allow tax stacking?

Additionally, the decision may embolden cannabis businesses in other states to challenge similar local taxation schemes in court.

For now, the court's decision is a major victory for cannabis retailers and consumers in Missouri. It reinforces the idea that constitutional amendments passed by voters must be interpreted as written, even when that interpretation comes at a cost to local governments.

A Win for Clarity, Compliance, and Cannabis Consumers

In an evolving legal cannabis landscape, Missouri's Supreme Court ruling against tax stacking marks a pivotal moment. It confirms that local cannabis taxes cannot be compounded across jurisdictions, honors the intent of voter-approved legislation, and provides much-needed clarity for businesses and consumers alike.

As Missouri's cannabis industry continues to grow on track to surpass \$2 billion in sales by 2025 ensuring fair, enforceable, and voter-aligned policies will be critical to long-term success.

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