

Average Market Rate Change Fact Sheet

Statutory Authority:

- Colorado Revised Statute § 39-28.8-101(1) requires the Department of Revenue, on a biannual basis in six-month intervals, to determine an Average Market Rate. Pursuant to § 39-28.8-101(1) Average Market Rate (AMR) is defined as the average price of all unprocessed retail marijuana that is sold or transferred from retail marijuana cultivation facilities in the state to retail marijuana product manufacturing facilities, retail marijuana stores or other retail marijuana cultivations.
- Retail Marijuana Tax Rule 1 CCR 201-18 further defines the calculation of AMR as using reported sales of each category during the test period. The Department will determine the best methodology to arrive at the Average Market Rate. The Department may, from time to time, change its method of calculating the Average Market Rate if, in the judgment of the Department, such change is necessary to arrive at the most accurate Average Market Rate given the market conditions.
- 39-28.8-302 C.R.S. places an excise tax upon the first sale or transfer of unprocessed retail marijuana by a retail marijuana cultivation facility in the state to retail marijuana product manufacturing facilities, retail marijuana stores or other retail marijuana cultivation facilities at a rate of 15%.
- The AMR will be included in the Retail Marijuana Excise Tax return and can be used to calculate tax when filing returns.
- The AMR is utilized by the Department of Revenue in levying the retail marijuana excise tax on the sale or transfer of retail marijuana from a retail marijuana cultivation facility.

Summary:

The Average Market Rate was calculated based on retail marijuana transactions recorded from July 1, 2015 through October 31, 2015 in Marijuana Enforcement Division's marijuana inventory tracking system (METRC). Transactions excluded the following data:

- Confirmed transfers between cultivators and retailers occurring within a vertically-integrated business structure;
- Data entered with obvious incorrect units of measurement (e.g. immature plants by pounds);
- Identified manifests contain the processed products (e.g. PreRoll or PreRoll Cone);
- Medical Marijuana transfers.

Beginning January 1, 2016 the Department will adjust the AMR to the following:

	<u>AMR Prior to December 31, 2014</u>	<u>AMR as of January 1, 2015</u>	<u>AMR as of July 1, 2015</u>	<u>AMR that will be effective on January 1, 2016</u>
Flower Rate (\$/lb)	\$1876	\$2007	\$1868	\$1948
Trim Rate (\$/lb)	\$296	\$364	\$370	\$464
Immature Plant Rate (\$/EA)	\$9	\$9	\$8	\$9