



Average Market Rate Change Fact Sheet - October 1 - December 31, 2017

Statutory Authority:

- § 39-28.8-101(1.5), C.R.S. requires the Colorado Department of Revenue (CDOR) to determine an Average Market Rate (AMR) for retail marijuana on a quarterly basis. Pursuant to § 39-28.8-101(1.5) 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 or retail marijuana stores, less taxes paid on the sale or transfers.
- Retail Marijuana Tax Rule 1 CCR 201-18 specifies that CDOR will determine the best methodology to arrive at the AMR. The Department may, from time to time, change its method of calculating the AMR if, in the judgment of the Department, such change is necessary to arrive at the most accurate AMR given the market conditions.
- § 39-28.8-302, C.R.S. made sales or transfers between licensed cultivation facilities *exempt* from state excise tax. § 39-28.8-302, C.R.S. and Retail Marijuana Tax Rule 1 CCR 201-18 modified how the excise tax on retail marijuana is calculated. Affiliated retail marijuana businesses and unaffiliated retail marijuana businesses who do not have a contract price at the time of the sale will calculate their excise tax at 15% of the AMR. Unaffiliated retail marijuana businesses with a contract price at the time of sale will calculate their excise tax at 15% of the contract price. Visit the [Marijuana Taxes | File webpage, Colorado.gov/Tax/marijuana-taxes-file](#), for more information, including the [Retail Marijuana Excise Tax Calculation Changes and AMR Frequency Fact Sheet](#) and [Filing Instructions for the Retail Marijuana Excise Tax Return](#).
- § 39-28.8-101 (1), C.R.S. defines Affiliated Retail Marijuana Business Licensees as “marijuana business licensees that are owned or controlled by the same or related interests, where ‘related interests’ includes individuals who are related by blood or marriage or entities that are directly or indirectly controlled by an entity or individual or related individuals.”
- The AMR will be included in the Retail Marijuana Excise Tax Return and can be used to calculate the tax when filing returns.

Summary:

- The October 1, 2017 AMR was calculated based on retail marijuana transactions recorded from May 1, 2017 through July 31, 2017 in the Marijuana Enforcement Division’s marijuana inventory tracking system (METRC).
- The new Contaminated Product Allocated for Extraction AMR category applies to any bud or trim that failed microbial testing and is transferred to a retail marijuana products manufacturing facility. Because contaminated product was not an item category in METRC prior to August 9, 2017, this methodology identified all transactions for bud or trim that were transferred to a retail marijuana products manufacturing facility.
- Transactions excluded the following five types of data: 1) transfers containing processed products (e.g., PreRolls, PreRoll Cones, Joints, and Kief); 2) Medical Marijuana transfers; 3) transfers to testing facilities; 4) transfers between businesses with the same name (affiliated businesses); 5) transfers to retail cultivators.



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Beginning on October 1, 2017, CDOR will adjust the AMR to the following:

AMR as of:	Flower Rate (\$/lb)	Trim Rate (\$/lb)	Immature Plant Rate (\$/ea)	Wet Whole Plant Rate (\$/lb)	Seed Rate (\$/ea)	Contaminated Product Allocated for Extraction Rate (\$/lb)
January 1, 2015	\$2,007	\$364	\$9	N/A	N/A	N/A
July 1, 2015	\$1,868	\$370	\$8	N/A	N/A	N/A
January 1, 2016	\$1,948	\$464	\$9	N/A	N/A	N/A
July 1, 2016	\$1,816	\$505	\$10	\$209	\$2	N/A
January 1, 2017	\$1,471	\$499	\$10	\$223	\$6	N/A
July 1, 2017	\$1,298	\$426	\$4	\$227	\$3	N/A
August 9, 2017	\$1,298	\$426	\$4	\$227	\$3	\$403
October 1, 2017	\$1,305	\$405	\$5	\$227	\$3	\$403