Cannlytics

Cannabis Data Science

Cannabis Data Science #54

February 23rd, 2022

The Question of the Day is the Effect of Taxes

- What would be the effect on **prices paid** by consumers and **prices received** by producers from a marginal increase (or decrease) in cannabis **sales tax** in Washington State?

Empirical Approach

1. Calculate the average price of cannabis in various counties, which are assumed to be different markets.

2. Augment the data with the local sales tax rate and the cannabis tax rate.

3. Regress the average price of cannabis on tax rate by county by month for the time period of January to November of 2021.

🙏 Thank you for coming.

Note: In principle, the entire economy should be taken into consideration. Next week we can look at

- welfare implications,
- long-run competitive equilibria,
- or extensions to the partial equilibrium model.

Please share what you are interested in researching!

Lessons of the Day

- Simplifying our models allows us to make powerful predictions, which we can quantify with empirical evidence.