

THE INQUISITR

Marijuana Tax Considered By Cash-Strapped States

March 28, 2013

A marijuana tax is being considered as a reason to legalize the drug by several cash-strapped states, including New York and Maine.

Advocates of marijuana have said that taxing the drug could help pump cash into states struggling to make ends meet. However, skeptics have disagreed.

But some lawmakers agree with advocates. They assert that legalizing marijuana and taxing it would help put a large amount of money into state budgets still recovering from the recession.

Representative Jared Polis (D-CO) agrees. He added, "I've seen some estimates in the high tens of millions, as much as \$100 million" for Colorado. The state's voters legalized recreational marijuana during the last election.

Polis and others are arguing for a federal law that legalizes the drug. He added that, should projections be correct, Colorado would be able to fund struggling programs like education. Schools, especially those in poorer districts, are suffering.

Along with Colorado, Washington State voters also passed a recreational marijuana law. Under the law, marijuana would be taxed at four levels: growing, production, retail, and consumer. Growers, manufacturers, and retailers would also have to apply for an annual license to handle the substance. The license costs \$1,000.

Dale Geiringer also supports the idea of a marijuana tax. Geiringer, who is the director of California National Organization for the Reform of Marijuana Laws, stated that legalizing the drug would bring in more than \$1.2 billion to the state. However, the study assumes a traditional sales tax, along with an additional \$50 levy for every ounce of marijuana sold.

Skeptics are also cautioning that there is a lot of exaggeration on the part of activists. Harvard economics professor Jeffrey Miron, a pro-legalization scholar at the Cato Institute, cautioned that a marijuana tax "is not a cash cow that can solve anyone's fiscal problems." Instead, a nationwide legalization that taxes marijuana like alcohol and tobacco would bring in about \$6.4 billion. \$4.3 billion would be for the government and states would get \$2.1 billion.

Do you think a marijuana tax would be a substantial boon for governments?