

THE MORNING CALL

Is pot an untapped revenue source?

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Tobacco, liquor and gambling.

Three vices Pennsylvania governors and lawmakers have used to raise revenue — over the loud objections of moralists (or those who enjoy a good drink, smoke or a chance at riches) — instead of hiking the state's income or sales tax.

The state's cigarette tax, which dates to 1935, has generated nearly \$17 billion just since 1992-93, when state Revenue Department records for it became computerized. Pennsylvania's liquor tax has raised \$7.7 billion since being reinstated in 1936. The 2004 gambling law has rung up \$12.3 billion in taxes and fees since the first casino opened in 2006.

"I think most members of the House ... would do some gaming, some liquor taxes, some e-cigarette taxes ... before they would want income or sales taxes increased," said state Rep. John Payne, R-Dauphin, chairman of the House Gaming Oversight Committee.

So, will the denizens of the Capitol burn another vice to raise needed cash and agree to the full legalization of marijuana?

On Sunday, Gov. Tom Wolf signed the Medical Marijuana Act, which sets tax and policy regulations to allow doctors to prescribe cannabis for certain medical purposes.

It's not the only cannabis-related bill moving through the Pennsylvania Legislature. One to set up a pilot program to legalize the farming of hemp for industrial purposes is moving this year after being laughed at last year.

And Philadelphia already has decriminalized possession of a small amount of marijuana.

"I don't see [legalization of pot] happening, honestly, in our lifetime, " said Steve Miskin, 52, spokesman for the House Republican Caucus. "There's a dramatic difference between trying to relieve the pain and suffering of kids, veterans and cancer patients, and smoking a joint, a doobie."

Wolf does not support legalizing recreational marijuana as a revenue source, spokesman Jeff Sheridan said. However, Wolf would support a decriminalization law but has not put out a formal policy plan, Sheridan said.

State Rep. Marty Flynn, D-Lackawanna, who introduced the first hemp farming bill in 2015, said his colleagues would be irresponsible if they do not fully legalize hemp and marijuana.

Hemp has gotten a bad rap since the federal government made its production illegal in the 1930s, Flynn said. In biological terms, hemp is marijuana's brother, but hemp lacks the chemical that produces marijuana's high. The industrial uses for hemp are plenty, he said, citing vehicle break pads, clothing and concrete, and that could become a windfall for Pennsylvania farmers.

"Now as [medical marijuana and hemp] are introduced to Pennsylvania, you are going to see the positive effects of it," Flynn said. "It's not the 'demon weed,' the 'devil's lettuce.'"

Before naysayers torch Flynn's theory, consider how marijuana seems to be following the same pattern as tobacco, liquor and gambling did before they went from social taboos to taxable commodities.

Franklin D. Roosevelt was not one of the most popular presidents because of his progressive New Deal initiatives, said Mark Thornton, an economist who teaches at Auburn University and is a senior fellow at the Mises Institute in Alabama. Roosevelt was popular, he said, because on the heels of the Great Depression he ended Prohibition in 1933, which raised needed alcohol revenue for governments and in turn lowered the price of a beer.

"Any politicians in their right minds, if they could reduce the price of a beer by 75 percent, they would be the most popular politician of all time," said Thornton, who studies drug policy. "The same is true of marijuana. You make it legal, the price falls and the government gets more revenue."

David La Torre was press secretary for Republican Gov. Mark Schweiker when the ninth cigarette tax increase was implemented. From his vantage point, La Torre said he sees parallels between Pennsylvania's gambling law and the "inevitable" expansion of marijuana laws. Those parallels center on the Legislature's unwillingness to raise income and sales taxes to meet expenses.

"Nobody ever thought we would have casinos in Pennsylvania; no one ever thought we would have casinos with table games in Pennsylvania," said La Torre, a former Morning Call reporter who now runs a communication company in Harrisburg. "It's just a matter of time [until] we have marijuana legalized for recreational use because the state is running out of ways to raise taxes."

Former state Rep. Paul Clymer, R-Bucks, agreed. Before his retirement in 2014, Clymer was arguably the last lawmaker who considered gambling a social ill, not a revenue source.

Gov. Ed Rendell got the casino law passed, Clymer said, by turning the conversation away from the ills of gambling addiction to a cure for rising local property taxes. Once Rendell got the ball rolling, Clymer said, wealthy special interests drowned out opponents like him. Once the gambling law was on the books, he said, it was easy to expand, and unfortunately the same thing will happen with the Medical Marijuana Act.

"Once the bill is intact," Clymer said, "It's much easier to expand it."

Views are already expanding on drug policy.

In 2014, a national survey by the Pew Research Center found 63 percent of Americans — a 16-percentage-point increase from 2001 — thought states should do away with mandatory prison sentences for nonviolent drug crimes. The same survey found 63 percent of respondents thought alcohol was a bigger danger to society than marijuana.

In Pennsylvania, medical marijuana support rose 23 percentage points to 87 percent between 2006 and 2015, according to a Franklin & Marshall College Poll. Support for full legalization nearly doubled in that time to 40 percent.

Despite the change in public opinion, the federal government has not changed its stance on marijuana. It still lists pot as a drug as dangerous as heroin and cocaine.

Still, since 2015, Colorado, Washington, Oregon, Alaska and Washington, D.C., have legalized recreational marijuana use for adults. Nineteen states, Washington, D.C., and Philadelphia have decriminalized possession of a small amount of the drug to reduce prison costs. On Sunday, Pennsylvania became the 24th state to legalize the drug for medical purposes.

Pennsylvania's Medical Marijuana Act is expected to generate \$7 million in revenue from application and fee charges in the 2016-17 fiscal year, which begins July 1, according to the House Republican Appropriations Committee. No financial estimates were generated for future revenue from patient identification cards, or from the 5 percent gross receipts sales tax that growers and processors eventually will pay.

By comparison, Colorado has generated about \$130 million annually in taxes from its medicinal and recreational drug policies, said Jeffrey Miron, a Harvard University economics professor and fellow at the Cato Institute, a Washington, D.C., think tank. That's not a lot of money in Colorado's overall budget, Miron said, but every little bit helps.

"Extra revenue," Miron said, "is extra revenue."