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Can Sussex County capitalize on legal marijuana?

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EDITOR'S NOTE: A bill has been introduced in the New Jersey Assembly to legalize recreational marijuana, allowing adults over the age of 21 to possess, use and grow marijuana.

The state Senate had a bill in the last legislative session that never advanced. The bill's primary sponsor, state Sen. Nicholas Scutari, D-22nd Dist., has said he will reintroduce legislation soon.

A Senate Judiciary Committee hearing held in November 2015 offered advocates of legalization a chance to present their side and another hearing will be held for those opposed.

Gov. Chris Christie has said he would veto any bill legalizing marijuana. The most recent Rutgers-Eagleton poll shows public support for legalizing recreational marijuana in New Jersey is 58 percent — the highest it's ever been — with 39 percent opposed.

This three-part series will explore the issue and its potential effects on Sussex County and the surrounding area looking at the economic, public health and criminal justice impact legalization could have.

Lawmakers across the country are beginning to think differently about the amount of money being spent on marijuana prohibition and the marginal impact that policy has had on restricting use. At the same time, legislators around the country are also witnessing the potential revenue that comes from legalizing and taxing marijuana in states like Colorado and Washington.

A 2010 study conducted by Harvard University economics professor and CATO Institute researcher Jeffrey Miron -- a study cited to support the movement for recreational legalization in Washington state in 2012 -- used FBI crime statistics and budget numbers from the Office of National Drug Control Policy to estimate the U.S. stands to profit \$20 billion per year, adjusted for inflation, from ending marijuana prohibition.

The report estimated an annual savings of \$13.7 billion from legalizing marijuana while also estimating nearly \$6.4 billion annual revenue from sales and taxation.

In New Jersey, a report released last month by New Jersey Policy Perspective and New Jersey United for Marijuana Reform, titled "Marijuana Legalization & Taxation: Positive Revenue Implications for New Jersey," estimated regulation would boost tax revenues by \$300 million annually. The same report estimated direct marijuana sales would total \$1.2 billion every year.

Fiscal responsibility

The Senate and Assembly bills in New Jersey were introduced by Democrats, who have a majority in both houses. Even with a majority, the bills are not being rushed because Gov. Chris Christie has spoken out against marijuana and said he would veto any legislation toward recreational legalization.

But support for marijuana legalization is not drawn along party lines because both sides see a financial benefit in ending marijuana prohibition.

The Senate and Assembly bills called for 70 percent of the taxes and licensing fees collected from marijuana sales to go toward the nearly defunct Transportation Trust Fund Account, 20 percent toward drug enforcement and education, and 10 percent to public health.

State Sen. Steve Oroho, R-24 Dist., acknowledged recreational marijuana is gaining bipartisan support but said, for him, the issue of legalization is not a financial decision, but rather a personal one.

"The whole idea of taxing it to make money is not something I agree with," he said. "If you think something should not be done, I don't think it should be a monetary issue at all. There are many things, in my opinion, that we could do to fix the financial affairs of New Jersey. To fix a budget problem with the legalization of marijuana just because it brings in money doesn't make it right."

Assemblyman Parker Space, R-24th Dist., said he is against recreational marijuana as well. Space was leery of the politics at work and thought the state would be better served by cutting taxes.

"They're always looking for another way to raise revenue," Space said of the majority party. "If they just cut their spending on a lot of stuff they wouldn't always have to be looking how to make another dollar."

Assemblywoman Gail Phoebus, R-24th Dist., did not address the economic impact of legalization when reached for comment. However, Phoebus did say, "New Jersey should remain vigilant in discouraging all substance abuse and keep the current penalties in place for the illegal use, possession or distribution of marijuana."

Jon-Henry Barr, the president of the New Jersey State Municipal Prosecutors Association, was one of the speakers at the Senate Judiciary Committee hearing in November 2015 advocating for legalization.

Barr is also a member of the Union County Republican Committee and a former Republican councilman. He said he thinks that marijuana prohibition contradicts real conservative values and he was surprised that the Republican officials representing Sussex County are opposed to the idea.

"My personal ideology is probably very consistent with the majority of the people in Sussex County," he said. "But, I realize that the fear that I have had most of life about marijuana was simply not just wrong, but it was inconsistent with the real, pure conservative approach to governing. Marijuana prohibition is restricting the liberties and freedoms that we enjoy as

Americans to be left alone. They should be able to be free of government interference in their personal lives."

He contends that the "true conservative approach" would be looking at marijuana legalization as a logical step to reduce spending and remove government intrusion.

"Republicans are against wasteful spending of taxpayer dollars on government programs that do not work and are not necessary," Barr said. "The war on marijuana is a government program that does not work and is not necessary. So, my support for legalization is entirely consistent with my long-standing Republican, fiscally-conservative principles."

In Colorado, Gov. John Hickenlooper -- a moderate Democrat -- was critical of his state's vote to legalize recreational marijuana four years ago. Hickenlooper was even quoted as calling the voters "reckless." Hickenlooper backed off that position considerably during a recent interview with "60 Minutes," saying marijuana legalization was "not as vexing as we thought it was going to be."

A growing business

Whether on a state-by-state basis or at the federal level, there is a strong belief among legalization advocates that recreational marijuana is no longer a matter of if, but a matter of when. Thinking along those lines are business owners, farmers and entrepreneurs who want to be in on the ground floor of a billion-dollar industry.

Evan Nison, director of the New Jersey chapter of the National Organization for the Reform of Marijuana Laws, or NORML, said business people throughout the state are putting plans in place to act quickly once marijuana is legalized.

"There are business models already popping up (and) positioning themselves, especially in northwestern New Jersey, for the cultivation and distribution of cannabis," he said. "It's almost impossible to think of the total benefit on the economy."

One of those companies that Nison is referring to is Terra Tech Corp., a mid-size holding company with three wholly owned subsidiaries -- GrowOp Technology Limited, Edible Garden Corp. and IVXX LLC -- that are involved in cultivation and agriculture.

Ken VandeVrede, chief operating officer and director of Terra Tech Corp., said the company currently operates greenhouses in Belvidere. He said the Warren County location will be used for cannabis cultivation once the state changes the law.

"We have plenty of property to build our greenhouses for cannabis when it becomes (permissible) in New Jersey," VandeVrede said. "We anticipate building state-of-the-art facilities in Belvidere."

VandeVrede, whose family has been in the agriculture and horticulture business for almost 50 years, said legalization would be a "huge jobs creator," in this area of the state.

"This is a huge economic driver, especially for us in (northwestern New Jersey)," he said. "This creates jobs not only at a lower labor level, but this actually creates job opportunities for high-level management to science and technology. So, this creates middle- and high-paying jobs as well."

Space -- whose family owns Space Farms Zoo and Museum in Wantage -- said he supports agriculture and business, but he does not think marijuana is a viable economic idea. He said there are other avenues for farmers to explore.

"With the engineering they have today for different types of crops, there is a whole new world opened up to a lot of the farmers to bring in different kinds of crops, where we wouldn't have to go along the lines of raising marijuana here in New Jersey," Space said.

But the big fear from legalization opponents is not companies like Terra Tech or family-owned farms but rather from industry giants -- particularly those in tobacco -- which they believe will eventually take over the market. One anti-legalization group, Smart Approaches to Marijuana, or SAM, has a term for it: Big Tobacco 2.0.

Kevin Sabet, chief executive officer and president of SAM, said legislation is being written by lobbyists whose only goal is to make their clients rich.

"You don't get rich in the drug business from casual users -- you rely on heavy users," Sabet said via email. "If we have learned anything from the brief time marijuana has been legal in Colorado it is this: We have now entered the age of 'corporate cannabis.' It reminds me a lot of Big Tobacco, an industry relying on creating heavy users that start at young ages."

Annmarie Shafer, coalition coordinator at The Center for Prevention and Counseling in Newton, said she worries that marijuana advertising would mirror tobacco and wind up targeting a vulnerable population.

"If we look at how the tobacco industry lied to us for so many years about the (effects of tobacco)," she said, "we are being sold the same information and the same bill of sale about marijuana. The same marketing techniques and the same strategies are being used by pro-legalization of marijuana people. It's all about money."

Nison said he has heard similar claims before and sees no truth to them. He pointed to a legalization initiative in Ohio that, despite having the majority of public support, was voted down because residents believed corporations were behind the push.

"As somebody who's working with legislators in both New York and New Jersey, and other states such as Pennsylvania and California, that's simply not true," Nison said about the involvement of corporate interests. "The people that are involved in the industry are very ethical. Big tobacco-like behavior is not going to be tolerated. Everybody realizes the opportunity we have."

Nison also thinks the comparison to tobacco distracts from the real conversations about marijuana policy lawmakers should be having.

"Cannabis (marijuana) is a much different product than tobacco," he said. "It's much less addictive. It's a much safer product. Part of helping draft legislation for this is to create the most responsible imagery we can."

Welcome to the Garden State

The shift in public perception about legalization has made the idea of recreational marijuana marketable.

In 2014, Colorado's first full year of selling and taxing legalized recreational marijuana, the state collected \$52.5 million in taxes, licenses and fees according to the Colorado Department of Revenue. In 2015, the state collected \$85.3 million.

Looking at figures like that, it is not hard to understand why a cash-strapped state like New Jersey -- which is running a \$10 billion structural, or non-cyclical, deficit this fiscal year -- is seriously considering legalizing recreational marijuana.

And while collecting taxes may be great for the state coffers and politicians, the revenue created for businesses and industries that benefit from marijuana legalization in Colorado -- most notably, tourism -- is also bringing attention to the legalization movement.

[A December 2015 article in the Denver Post](#) detailed the impact legalization has had on tourism in the state. A survey of tourists conducted by the Colorado Tourism Office showed that 49 percent of those who responded were influenced by legal marijuana.

The most encouraging financial news was the amount of money the state's tourism industry made compared to what it spent. The state tourism office spent \$5.3 million for its summer 2015 ad campaign -- resulting in about 2.1 million visitors, according to Strategic Marketing and Research Insights -- which generated about \$2.1 billion. That means for every dollar Colorado spent on tourism it generated a \$490 return.

An exact amount of how much the state Division of Travel and Tourism spends in northwest New Jersey was not available. But, in Sussex County, where tourism accounted for \$553 million in direct sales and 13 percent of total employment in 2014, according the state's most recent report, legalization proponents, such as NORML, say the potential revenue in this part of the state could be significant.

With the county bordering two states -- which are also considering their own legalization measures -- the state's action -- or inaction -- to legalize marijuana could have a serious impact on tourism and related industries.

Nison addressed the economic impact of legalization in New Jersey when he spoke at the Senate Judiciary Committee hearings in November. During a phone interview, he said that people in Sussex County need to realize they could miss out on a potential economic boon if New Jersey waits much longer to legalize recreational marijuana.

"In talking to legislators, one of the driving factors that is pushing this issue urgently is the desire to legalize cannabis before our bordering states," Nison said. "If New York or Pennsylvania had to come here to buy cannabis legally, that would be a lot of money for New Jersey."