



Lawmakers Push Federal Taxes on Pot Sales

By: Sandy Fitzgerald – March 28, 2013

Colorado and Washington state lawmakers are pushing for a federal tax on legalized recreational marijuana sales, saying the extra money would help pay for public services and schools.

Democratic Colorado Rep. Jared Polis, who advocates federal legalization of the drug, says he has seen estimates of potential revenue "as much as \$100 million" for his state, reports Politico. The marijuana sales tax revenues could make a "substantial dent" in school improvements, he noted.

The possibility of collecting taxes was part of the campaign to legalize marijuana in Colorado, with advertising declaring the state's businesses would profit and tax revenues would help pay for public services.

In California, Dale Gieringer, director of the California National Organization for the Reform of Marijuana Laws, estimates that if legalized there, the state could bring in \$1.2 billion in tax revenues.

But some economists and experts who follow legalization efforts believe the estimates of tax windfalls tied to the weed are too high. They also note that the prices for legal marijuana are expected to fall dramatically in Colorado and Washington, bringing in lower-than-anticipated taxes. And some, according to Politico, note that if prices for the legal product get too high, people will buy from illegal dealers.

Still, Jeffrey Miron, a pro-legalization scholar at the libertarian Cato Institute, told Politico that a nationwide legalization that taxed marijuana like tobacco and alcohol could bring in an estimated \$6.4 billion in new tax revenue every year, with \$4.3 billion going to federal programs and \$2.1 billion going to the states.

Washington state lawmakers are considering some additions to a voter-approved 25 percent tax on marijuana production to bring in additional money. And in Colorado, officials have met to discuss how to tax the drug.

In Colorado, a state task force is also pushing for a federal tax code modification that would allow the state's marijuana businesses to claim tax deductions, which are not currently allowed.

So far Colorado and Washington are the only states that have legalized marijuana. But a number of bills have been introduced in Congress to ease federal restrictions on growing and using the drug, which could open the way for other states to take up the cause of legalization.

