

Cash-strapped states eye marijuana tax

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Advocates of legalizing marijuana say taxing the weed could pump cash into cash-strapped state coffers while skeptics saying they're blowing smoke.

Some lawmakers say a tax on legal marijuana could put significant dollars into budgets still hurting from the recession, Politico reported Thursday.

"I've seen some estimates in the high tens of millions, as much as \$100 million for" Colorado, whose voters legalized recreational marijuana use, said Rep. Jared Polis, D-Colo., who's pushing for federal legalization of marijuana in Congress.

If the projections are correct, Colorado could make "substantial dent in needed school improvements, particularly in poorer districts," Polis said.

Dale Gieringer, director of California National Organization for the Reform of Marijuana Laws, said legalizing marijuana would bring in at least \$1.2 billion to his state. Politico said Gieringer's study assumes a traditional sales tax plus an additional \$50 levy per ounce of marijuana.

Skeptics' comments, however, are more sobering, Politico said.

"This is not a cash cow that can solve anyone's fiscal problems," said Harvard economics professor Jeffrey Miron, a pro-legalization scholar at the Cato Institute.

Miron said Gieringer's numbers were about three times what they should be.

"There is a lot of exaggeration about how big the revenue can be," Miron said.

Miron estimated a nationwide legalization that taxed marijuana similarly to alcohol and tobacco would net about \$6.4 billion in new tax revenue -- \$4.3 billion for the federal government and \$2.1 billion for the states.