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Marijuana trade could create billion-dollar potential for cash-strapped states

By: Cheryl K. Chumley – March 28, 2013

Tax gurus are predicting Colorado and Washington could see big bucks — millions, or even billions — from revenues collected via their recently approved recreational marijuana laws. And other states are starting to take a second look at the potential.

"I've seen some estimates in the high tens of millions, as much as \$100 million for [Colorado]," said Colorado Democrat Rep. Jared Polis, in a Politico report. Mr. Polis would like to see a federal law that legalizes the weed around the nation — mostly, because the tax money it would generate could bring a "substantial dent in needed school improvements, particularly in poorer districts," he said.

California is paying attention.

The director of the state's National Organization for the Reform of Marijuana Laws, Dale Gieringer, said California could see \$1.2 billion in tax revenues from legalized pot laws. And the trade could bring in between \$12 billion and \$18 billion of new business activity in the state, he estimated, in the Politico report.

Some analysts are asking states to exercise caution, however.

"This is not a cash cow that can solve anyone's fiscal problems," said Jeffrey Miron, a scholar with the libertarian Cato Institute who favors legalizing marijuana, yet still sees flaws with some tax revenue estimate, as Politico reports. "There is a lot of exaggeration about how big the revenue can be."