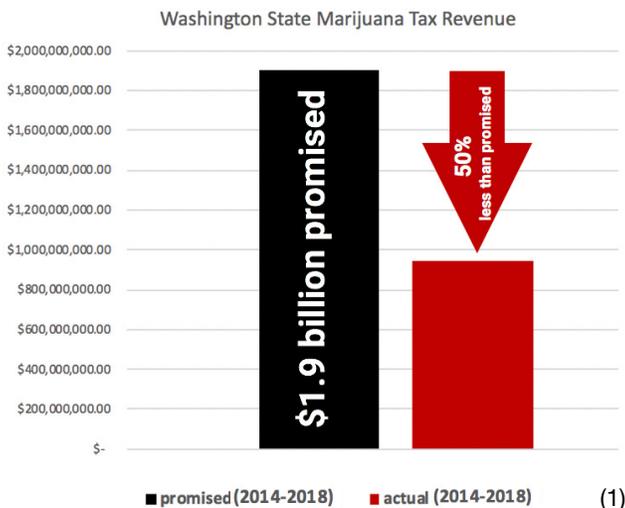


GROWING CALLS TO LEGALIZE MARIJUANA usually extol the virtues of tax revenues. The marijuana industry is quick to estimate large amounts of revenue from pot sales, but revenues often fall short of what was promised and only amount to a drop in the bucket of state budgets. Of the six states for which we have data as of January 2019, four of them (CO, WA, CA, and AK) missed initial revenue targets.

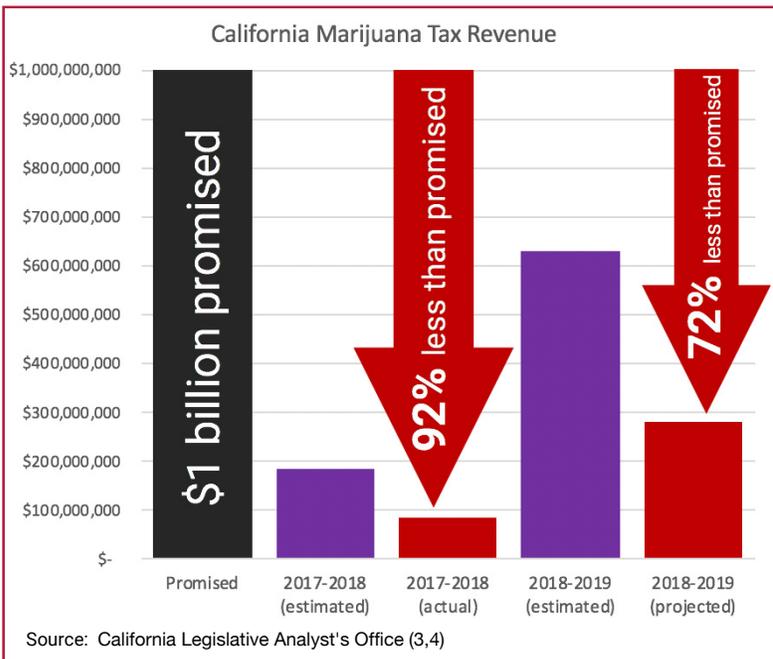


"We get \$200 million a year in tax revenue, which, you know, we're a \$30 billion budget, so it's a drop in the bucket – it's not going to pay for early childhood education or solve any big social ill..." - Colorado Governor John Hickenlooper, April 9, 2018 (2)

Marijuana Taxes as a Percent of State Budgets

State	Percent of Budget
Colorado	0.78%
Washington	0.30%
Oregon	0.24%
Alaska	0.12%
California	0.20%

"You do not legalize for taxation. It is a myth. You are not going to pave streets. You are not going to be able to pay teachers. The big red herring is the whole thing that the tax revenue will solve a bunch of crises. But it won't." - Andrew Freedman, former pot czar for Colorado⁽⁵⁾



COLORADO projected it would take in \$118 million in its first year of retail sales, but it underperformed by 42%. (6) After a steady decline in prices, Colorado had to raise its tax rate to compensate for overproduction. (7) Alaska was promised \$9.6 million in 2017 and \$14.2 million in 2018, but only received \$1.7 million in 2017 and \$11 million in 2018. (8) Black market sales and mounting costs from legalization continue to divert the projected revenue from the programs it was promised to fund.

- See <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2013/05/14/not-so-fast-tax-revenue-estimates-from-legal-marijuana-may-not-materialize> and <https://lcb.wa.gov/about/annual-report>
- See <https://www.rollingstone.com/politics/politics-features/john-hickenlooper-on-the-future-of-weed-the-2020-race-and-whats-happening-at-the-denver-post-629368/>
- See https://www.drugpolicy.org/sites/default/files/documents/AUMA_Prop%2064_Frequently_Asked_Questions.pdf
- California Legislative Analyst's Office. Cannabis Tax Revenue Update. November 15, 2018. <https://lao.ca.gov/LAOEconTax/Article/Detail/326>
- See <https://www.bostonherald.com/2015/06/12/colorado-weed-czar-revenue-up-in-smoke/>
- See Marijuana Taxes Won't Save State Budgets: <https://www.nytimes.com/2015/04/09/upshot/09up-marijuana.html>
- See https://www.washingtonpost.com/business/2018/11/16/marijuana-is-getting-cheaper-some-states-thats-problem/?utm_term=.c9e0fc68ce4b
- See <https://www.mjpolicygroup.com/pubs/Alaska-Demand-and-Taxes.pdf> and <http://tax.alaska.gov/programs/programs/reports/monthly/Marijuana.aspx?ReportDate=6/1/2018>