

Legalizing marijuana won't solve state budget shortfalls:

“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 Director of Marijuana Coordination, Colorado**

- States with mature marijuana markets (CA, CO, NV, OR, and WA) are facing a combined budget deficit of \$71 billion. Marijuana revenues are not helping with COVID-19 related economic shortfalls. Why would we expect anything different going forward?
- Marijuana industry lobbyists are currently asking the leadership of legal states for state taxpayer-funded bailout funds, even as they stay open brag about record increases in sales on national media. A pot bailout will only exacerbate budget shortfalls.
- It took upwards of **five years** for Colorado to bring in annual tax revenues of \$300 million, and it has not been consistent. *No “legal” state has met its initial projections.*
- The marijuana industry in these “legal” states now lobby legislatures to REDUCE their taxes—even as they argue that taxation will fill significant budget holes.
- In these discussions on the potential tax revenue, states must also consider the costs of legalization. Leading cost drivers continue to be law enforcement (combatting exploding underground markets), drugged driving deaths, car crashes, workforce issues, and mental and other health issues. One study in Colorado, conducted by the Centennial Institute, found with every dollar in marijuana tax revenue, \$4.50 must be spent to mitigate the costs.

Marijuana Taxes as Percent of State Budgets:

Alaska: 0.20%

California: 0.47%

Oregon: 0.13%

Washington: 0.33%

Colorado: 0.90%

“(Marijuana tax revenue) is a drop in the bucket – it’s not going to pay for early childhood education or solve any big social ill...”

- **John Hickenlooper, former Governor of Colorado**