



Excise Tax on Medical Marijuana Makes Sense for California

By George Runner

California lawmakers are finally considering legislation to regulate medical marijuana, which has been legal under state law for nearly two decades. Among the proposals is a bill calling for an excise tax on marijuana that could raise nearly \$60 million in revenue each year.

As a fiscal conservative and opponent of recreational marijuana, I'm an unlikely voice in the cannabis tax policy debate. Yet after speaking with parties on all sides of the issue, I'm convinced an excise tax on medical marijuana could make sense, and if done correctly, would help ensure California taxpayers are treated fairly.

I'm the first to admit that government is too bloated and that Californians are overtaxed. But the fundamental question here is who should pay the steep costs of marijuana-related activities that include trespass on public lands, water theft and unregulated use of pesticides.

Simply put: Why should those who don't use marijuana pay the environmental costs associated with growing marijuana?

More funding is needed. Law enforcement officials are urging California to bolster its efforts to address the unintended consequences of legalizing marijuana for medical use at the state level. The rampant spread of unregulated marijuana grows have stretched local law enforcement thin in many communities around the state.

An excise tax on marijuana would provide local law enforcement with the revenue needed to combat these crimes. Local governments would be better able to respond to complaints related to cannabis grown and sold in their communities.

Revenue collected from a marijuana excise tax should not go to the state's general fund - where lawmakers can spend those dollars on their pet projects. The revenue should be placed in a special fund where monies would be protected and only spent to combat marijuana-related crime, corruption and environmental damage.

While curbing crime is a worthy goal, lawmakers shouldn't overreach. Setting the tax too high could backfire by harming industry participants willing to play by the rules. An unreasonable tax rate would cause an increase in the marijuana black market and drive the industry further underground.

As an elected tax official, it's my job to make sure taxpayers are treated fairly. An excise tax on medical marijuana would ensure the medical marijuana industry and its end users - rather than ordinary California taxpayers - pay the costs of combating marijuana-related crimes.

Medical marijuana is already subject to sales tax - that's been a settled issue for quite some time. Excise taxes are imposed on a specific good, typically at the wholesale or distributor level. The Board of Equalization currently collects excise taxes on alcohol, cigarettes and tobacco products, but not on marijuana.

Some might resist the call for a new tax, and normally I'd be with them. However, we as a society have agreed that certain shared priorities like police, schools and roads should be a government priority. Taxes provide funding for these shared priorities.

The question is who should pay for needed enforcement efforts? I think the cannabis industry and its users should, not California taxpayers who don't use marijuana.

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