



SEN. GEORGE RUNNER (RET.)

MEMBER
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

April 4, 2016

Assemblymember Sebastian Ridley-Thomas, Chair
Assembly Committee on Revenue and Taxation
1020 N Street, Room 167A
Sacramento, CA 95814

RE: ASSEMBLY BILL 2243 (WOOD) – MEDICAL MARIJUANA: TAXATION • SUPPORT WITH AMENDMENTS •

Dear Assemblymember Ridley-Thomas:

I am writing in support of Assembly Bill 2243, which imposes upon cultivators a per-ounce medical marijuana tax to be collected by a distributor on the sale of all distributed medical marijuana flowers and leaves, and a per-plant tax on immature plants. This tax will provide funding to address the impacts of illegal marijuana cultivation.

While I oppose legalizing recreational marijuana and do not support tax increases, I believe a tax on medical marijuana, if done correctly, is necessary to ensure public safety and fairness for California taxpayers.

The sale of medical marijuana was legalized in California almost 20 years ago. Every retail sale of medical marijuana is subject to sales tax. Different than a sales tax, an excise tax is imposed on a specific good, typically at the wholesale or distributor level. The Board of Equalization currently collects excise taxes on alcohol and cigarettes and tobacco products but not on medical marijuana.

Last year, with industry support, legislators passed the Medical Marijuana Regulation and Safety Act (MMRSA), which created a much-needed regulatory and tax structure. Not surprisingly, there are technical problems with the MMRSA that complicate the use of an excise tax, as proposed by AB 2243. Accordingly, BOE staff have indicated several implementation concerns in AB 2243 that will also need to be addressed. I understand Assemblymember Wood has agreed to work with BOE staff to amend the bill so administration of the tax is workable.

With passage of the MMRSA, the governor, legislators and industry leaders recognized the need for clear rules to govern the medical marijuana industry in an effort to curb crime and corruption. AB 2243 provides a funding mechanism to ensure better enforcement of state laws with respect to illegal marijuana grows and trafficking. For these reasons, I urge your support of the bill with BOE's suggested amendments when it is heard in your committee on Monday.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Runner".

GEORGE RUNNER
1st District

cc: Assemblymember Wood and Julia King, Consultant, Assembly Republican Office of Policy

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