

Calif. tax officials: Legal pot would bring \$1.4B

By MARCUS WOHLSEN, Associated Press Writer Marcus Wohlsen, Associated Press Writer— WED JUL 15, 9:14 PM ET

SAN FRANCISCO — A bill to tax and regulate marijuana in California like alcohol would generate nearly \$1.4 billion in revenue for the cash-strapped state, according to an official analysis released Wednesday by tax officials.

The State Board of Equalization report estimates marijuana retail sales would bring \$990 million from a \$50-per-ounce fee and \$392 million in sales taxes.

The bill introduced by San Francisco Democratic Assemblyman Tom Ammiano in February would allow adults 21 and older to legally possess, grow and sell marijuana.

Ammiano has promoted the bill as a way to help bridge the state's \$26.3 billion [budget shortfall](#).

"It defies reason to propose closing parks and eliminating vital services for the poor while this potential revenue is available," Ammiano said in a statement.

The way the bill is written, the state could not begin collecting taxes until the federal government legalizes marijuana. A spokesman says Ammiano plans to amend the bill to remove that provision.

The legislation requires all revenue generated by the \$50-per-ounce fee to be used for drug education and rehabilitation programs. The state's 9 percent sales tax would be applied to retail sales, while the fee would likely be charged at the wholesale level and built into the retail price.

The Equalization Board used law enforcement and academic studies to calculate that about 16 million ounces — or 500 tons — of marijuana are consumed in California each year.

Marijuana use would likely increase by about 30 percent once the law took effect because legalization would lead to falling prices, the board said.

Estimates of marijuana use, cultivation and sales are notoriously difficult to come by because of the drug's status as a black-market substance. Calculations by marijuana advocates and law enforcement officials often differ widely.

"That's one reason why we look at multiple reports from multiple sources — so that no one agenda is considered to be the deciding or determining data," said board spokeswoman Anita Gore.

Advocates and opponents do agree that California is by far the country's top pot-producing state. Last year law enforcement agencies in California seized nearly 5.3 million plants.

If passed, Ammiano's bill could increase the tension between the state and the U.S. government over marijuana, which is banned outright under federal law. The two sides have clashed often since state voters passed a ballot measure in 1996 [legalizing marijuana for medical use](#).

At the same time, some [medical marijuana dispensary](#) operators in the state have said they are less fearful of federal raids since U.S. Attorney General Eric Holder said the Justice Department would defer to state marijuana regulations.

Advocates pounced on the analysis as ammunition for their claim that the ban on marijuana is obsolete.

"We can't borrow or slash our way out of this deficit," said Stephen Gutwillig, California state director of the Drug Policy Alliance. "The legislature must consider innovative sources of new revenue, and marijuana should be at the top of that list."

Ammiano's bill is still in committee. Hearings on the legislation are expected this fall.

Also Wednesday, [three Los Angeles City Council](#) members proposed taxing medical marijuana to help close the city's budget gap.

Council members Janice Hahn, Dennis Zine and Bill Rosendahl backed a motion asking city finance officials to explore taxing the drug.

Hahn said that with more than 400 dispensaries operating in the city, the tax could generate significant revenue. The motion pointed out that a proposed tax increase on medical marijuana in Oakland, which has only four dispensaries, was projected to bring in more than \$300,000 in 2010.

Meanwhile, marijuana supporters have taken the first official step toward putting the legalization question directly to California voters.

A trio of Northern California criminal defense attorneys on Wednesday submitted a [pot legalization](#) measure to the state attorney general's office, which must provide an official summary before supporters can begin gathering signatures.

About 443,000 signatures are necessary to place The Tax, Regulate and Control Cannabis Act on the November 2010 ballot. The measure would repeal all state and local laws that criminalize marijuana.

http://news.yahoo.com/s/ap/20090716/ap_on_re_us/us_marijuana_taxes