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Chris Christie Says Marijuana Taxes Are Blood Money. Is He Right?

Government needs money, and there is no shortage of interest in generating tax revenues from marijuana. But not in New Jersey, not if Governor Chris Christie has anything to say about it. He said society should never legalize recreational marijuana even if that allows you to tax it liberally. He even said [tax revenue from marijuana was blood money](#).

“This should not be permitted in our society, it sends the wrong message,” Christie said. “Every bit of objective data tells us that it’s a gateway drug to other drugs. And it is not an excuse in our society to say that alcohol is legal so why not make marijuana legal. ... Well ... why not make heroin legal? Why not make cocaine legal? You know, their argument is a slippery slope.”

As for legalizing marijuana to raise taxes, Gov. Christie said. “To me, that’s blood money. I’m not going to put the lives of children and citizens at risk to put a little more money into the state coffers, at least not on my watch.”



Christie made the big remarks at a ribbon-cutting ceremony for an outpatient drug abuse rehabilitation facility on the Jersey Shore. “As long as I’m governor of New Jersey, there won’t be legalized marijuana in this state,” he continued. He even alluded to states that have pursued marijuana tax riches losing out. The businesses go to cash, he suggested, and the [taxes go up in smoke](#).

Many have suggested that legalizing marijuana would mean huge tax revenues. Naysayers worry about public health risks, but may still find the tax revenues alluring. In Colorado, the governor’s office estimated it would collect \$100 million in taxes from the first year of recreational marijuana. In the end, Colorado’s tax haul for 2014 recreational marijuana was a disappointing \$44 million, causing some to say that [Colorado’s marijuana money is going up in smoke](#).

Colorado was first to regulate marijuana production and sale, so other governments are watching closely. Colorado also collected sales tax on medical marijuana and various fees, for a total of about \$76 million. The taxes are significant, but not all the sales are going through legal channels. Perhaps it was silly to think they would.

Avenues for cheaper prices in the illegal and medical markets can trump legal recreational sales where tax revenues are highest. That makes perfect sense, and is calling for a re-examination of tax

rates and enforcement. [In Colorado, legalization has surprised both supporters and critics](#), with a mixture of good and bad.

Washington state became the second to legalize recreational marijuana. Oregon and Alaska have followed. With four recreational victories, activists are pushing legalization in other states, including California where a ballot measure is expected in 2016. The tax tally is likely to keep growing, if not always as predicted.

In Colorado, there is a 2.9% sales tax and a 10% marijuana sales tax. Plus, there is a 15% excise tax on the average market rate of retail marijuana. It adds up to 27.9%. But with all those [taxes](#), many smokers buy illegally. An estimated 40% of purchases in Colorado are not through legal channels. There is also a growing relationship between the 2.9% medical marijuana tax and the 27% recreational variety.

Some patients may be reselling 2.9% medical stock. A medical marijuana card costs \$15. About 23% of estimated marijuana users in Colorado have medical cards. Meanwhile, the Colorado tax on marijuana has been upheld despite claims that paying it amounts to self-incrimination that violates the Fifth Amendment.

Since marijuana remains illegal under federal law, the argument is that filling out state tax forms admitting buying or selling implicates you in federal crimes. It's a clever argument, but the plaintiffs have lost so far. Yet [the lawsuit challenging the taxes](#) continues. Of course, taxes aren't clear on the federal side either. Federal law trumps state law, and [Section 280E](#) of the tax code denies even legal medical marijuana dispensaries tax deductions.

The proposed [Marijuana Tax Equity Act](#) would end the federal prohibition on marijuana and allow it to be taxed—at a whopping 50%. The bill would impose a 50% excise tax on cannabis sales, plus an annual occupational tax on workers in the [field of legal marijuana](#). Hopefully, anticipated tax revenues will be based on hard data and realistic projections.

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