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THE TAX LAWYER

TAXES 8/17/2015

# Chris Christie Doesn't Like Taxes, Especially On Marijuana And Yachts

The government is always hungry for money, and yet taxes are not popular, particularly new or higher ones. Republican candidate [Chris Christie has signed Grover Norquist's no-tax pledge](#). And according to Mr. Norquist, Governor Christie has vetoed more tax hikes than any other governor in modern American history. That itself might be enough to suggest Christie's stance on marijuana taxes, but he has a special ax to grind.

In New Jersey, Governor Chris Christie has said society should never legalize recreational marijuana even if that would allow you to tax it liberally. He even said [tax revenue from marijuana was blood money](#).

- 6 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."

Decrying the concept of 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. As long as I'm governor of New Jersey, there won't be legalized marijuana in this state."



Going from principled to practical, he alluded to states losing out when they pursue marijuana tax riches. 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. In Colorado, the governor's office estimated that 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. Not all 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 was the second state to legalize recreational marijuana, then Oregon and Alaska. With four recreational victories, activists are pushing 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. Colorado has a 2.9% sales tax, a 10% marijuana sales tax, and a 15% excise tax totaling 27.9%.

But given the [taxes](#), an estimated 40% of purchases in Colorado are outside legal channels. There is also a growing relationship between the 2.9% medical marijuana tax and the 27.9% recreational variety. Some patients resell 2.9% medical stock. A medical marijuana card costs \$15. About 23% of estimated marijuana users in Colorado have medical cards.

Notably, Colorado's tax on marijuana was upheld despite claims that paying it amounts to self-incrimination violating 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. Although the plaintiffs have lost so far, [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](#).

As for Mr. Christie, he may not want Marijuana tax money, but sounding like a tax reformer, Mr. Christie recently proposed cutting in half the 7% sales tax on boats in New Jersey. His [proposal to cut the yacht sales tax could be voted on soon](#).

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