

## Memo

To: Representative Leanne Krueger-Braneky

From: Adam Schultz

Date: 9 April, 2017

Subject: Marijuana Prohibition and the Effects on the Economy

---

As of February 27, 2017, a bill (H.R. 1277) is currently in congress that is attempting to legalize marijuana and lift the prohibition imposed by the 1937 Marijuana Tax Act. According to experts in the field and preliminary numbers and data, this bill would increase our economy by nearly twenty billion dollars per year.

Marijuana did not become illegal in the United States for no reason, and it has a rich and well documented history in America. Following the Mexican Revolution of 1910, Mexican immigrants poured into the United States, bringing with them the recreational use of marijuana. The drug was quickly associated with Mexican immigrants and anti-drug campaigns, as well as immersing false claims that Mexicans committed viscous crimes while using marijuana. This fear led to an influx of research that associated marijuana use and violent crimes committed by minorities; by 1931 twenty-nine states had banned marijuana. By 1937 the Marijuana Tax Act was signed, officially criminalizing the drug.

Marijuana is still a large part of society today, and with 60% of Americans supporting its legalization, it is one of the most relevant and pressing issues today. Currently, marijuana is still considered a Schedule I substance, which means our government believes it has no medical uses and has a high potential for misuse. This classification is taking a large toll on everyday citizens; in 2016 alone 13.6% more Americans were arrested for small amounts of marijuana than those who were arrested for violent crimes, including rape and murder. On average this equates to our government spending nearly six million dollars a day housing individuals who are awaiting court days for marijuana charges.

However, marijuana is now legal in eight states including Colorado, California, Nevada, Oregon, Washington, Alaska, Massachusetts, and Maine. Colorado and Washington, as you know, were the first two states to legalize marijuana for recreational use, and data from these states is overwhelmingly positive. Both states have seen revenues far exceed preliminary projections; Colorado has seen a three hundred and nineteen-million-dollar surplus over last three years, while Washington has pocketed nearly four hundred and one million dollars from legalizing the drug.

While these numbers are extremely positive, many still believe legalizing the drug would create more problems than good. Well preliminary data has also showed this not to be true. There have been no indications that teen marijuana use has increased since its legalization in these states, and Colorado and Washington have seen a 50% and 98% decrease in marijuana arrests

in the last three years respectively. Furthermore, neither state has seen any evidence to suggest that this is a gateway to other drug use, and as of last year, DARE officially removed marijuana from its list of gateway drugs.

While I know you have voted yes in the past for the legalization of medical marijuana, this bill and subsequent vote will be more important, judged, covered and polarized than ever. I urge you to review the attached issue brief and support this bill with another yes vote because this will have a large positive lasting impact on America's economy both domestically and internationally.

# Marijuana Prohibition and the Effects on the Economy

## What?

In 1937 the Marijuana Tax Act was signed, officially criminalizing marijuana (1). To this day, prohibition of this drug is costing the American economy millions of dollars each and every day. Currently, there is a bill being reviewed in congress that is attempting to end the prohibition of marijuana, with two committees playing the lead roles in the charge (2). Two House of Representative committees, the House Judiciary and the House Energy and Commerce, are working together and the proposed legislation (H.R. 1277) “to limit the application of Federal laws to the distribution and consumption of marihuana, and for other purposes” was referred to these committees (3). The bill was assigned to them in late February of 2017 and has currently been referred to the Subcommittee on Crime, Terrorism, Homeland Security and Investigations by the House Judiciary committee (4). Republican Thomas Garret from the fifth district of Virginia is the main sponsor, along with seven cosponsors, and the bill is still currently in the introductory phase (5). I strongly urge you and your acquaintances to support this bill as it attempts to make its way to the floor of the House and Senate, and eventually the president’s desk. It can and will make a positive lasting impact on our economy.

---

*Marijuana prohibition is costing the US an estimated 20 billion dollars per year*

---

## How Bad is it?

According to Harvard University economist Jeffery Miron marijuana prohibition is costing the United States nearly twenty billion dollars annually (6). Nearly nine billion (8.7) dollars of this is being lost to the enforcement of current marijuana laws, while another nearly nine billion (8.7) dollars is being lost from the money that would be generated from taxing marijuana, much like tobacco and alcohol. Although this doesn’t add up to twenty billion dollars, this study was conducted

in 2010, thus taking into account inflation, we are adding nearly twenty billion dollars to the already growing twenty trillion-dollar deficit (7).

### Who is Being Affected?

Those who are being most affected by marijuana prohibition are not your kingpins, but instead your everyday citizen, who instead of drinking a beer or smoking a cigarette, is choosing to smoke marijuana. In 2016 alone, arrests for possessing small amounts of marijuana exceeded the total number of arrests for all violent crimes by 13.6%; law enforcement agencies arrested 574,641 individuals for possessing small amounts of marijuana, while they only arrested 505,681 for violent crimes such as rape and murder (8). In the United States a marijuana arrest occurs every thirty-seven seconds, which equates to nearly 853,000 marijuana related arrests annually (9). These small, harmless offenses are beginning to take a large toll on the economy as a whole. On any given day, you can expect that at least 137,000 Americans will be sitting behind bars, likely in local jails (10). The majority of them have not been convicted of any crime, but are awaiting a court date that may be weeks, months, or even years away because they cannot afford bail. Remarkably, over half of these individuals are arrested for marijuana charges (11). As of 2015, it costs the government \$87.61 per day for an incarcerated inmate (12). That means that each day in the United States we are paying just over six million dollars to house individuals on simple marijuana charges, and nearly 2.2 billion dollars annually.

*Individuals are finding it harder and harder to find jobs after simple arrests and are spending unjust amounts of time in jail.*

One significant challenge that faces the economy today with regards to the prohibition of marijuana, is people are being turned away from jobs for simple offenses. Comparing the 2002-2003 job year to the 2012-2013 job year, the availability for call backs after submitting applications dropped from 10% to just 1% (13). In 2017 that number has decreased further, and with 72% of employers conducting background checks, even the smallest possession charge means the difference between obtaining a job and being thrust away to continue the search (14). The less people with jobs equates to more people living off social programs designed for those in need, and in turn the deficit continues to grow.

*While whites are more likely to use illicit drugs including marijuana, nearly four times as many African Americans are being arrested for marijuana charges (15).*



## What do Americans Believe and Desire?

---

***60% of Americans  
support legalization***

---

In October of 2016, 60% of adult Americans supported the legalization of marijuana, the highest percentage in nearly a half of century (16). This is an astounding forty-eight-point increase from when the question was first proposed and polled in 1969 by Gallup (17). The percent of Americans supporting the legalization of marijuana has increased in nearly every demographic, especially in the last ten years. Nearly 80% of 18-34 year olds, 42% of Republicans, 70% of independents, and 67% of Democrats supports the legalization of marijuana (18).

## Classification and Benefits

Marijuana is still considered a Schedule I substance – “no currently accepted medical use and a high potential for abuse” – despite the fact that medical marijuana is legal in twenty eight states and our own national capital (19). This classification has made it extremely difficult to find conclusive evidence of its medical effects. That being said, as of now there is evidence that marijuana is effective in reducing pain, treating chronic pain, nausea, and vomiting, and little to no evidence that marijuana use causes cancer, none that it causes death by overdose, and limited evidence that it is a gateway drug; DARE officially removed it from its list of gateway drugs (20)(21).

## Laws, Regulations, and Committees

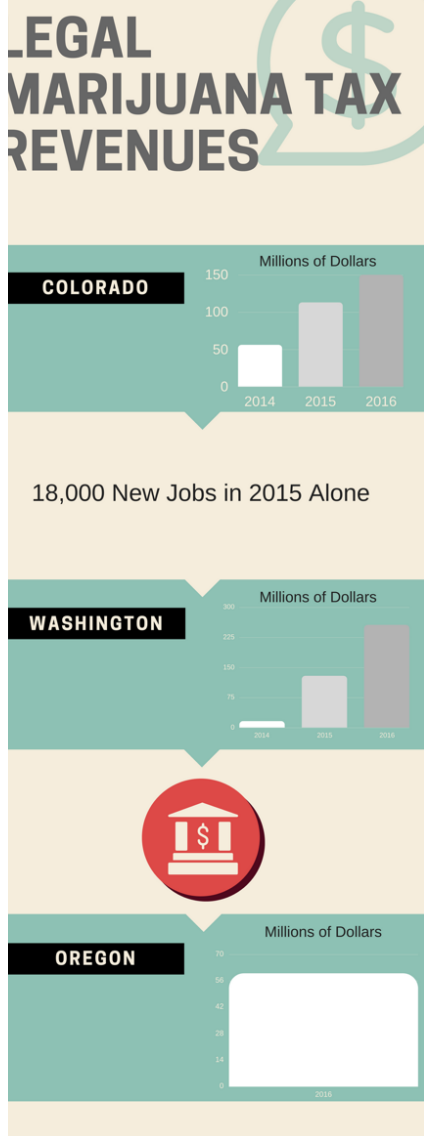
Under the current federal laws marijuana is regulated under the Controlled Substances Act, and it does not recognize a difference between recreational and medical marijuana, despite the fact that medical marijuana is legal in forty-four states (22). That being said, in 2014 and 2015 congress implemented regulations in the 2016 funding bill for the Commerce Justice Science that do not allow Justice Department funds to be used to prevent state medical marijuana laws (23). This protection was upheld in *United States v McIntosh* (24). Despite this, marijuana is still considered a Schedule I drug; ironically this means that there are no accepted medicinal values, and that the drug is considered highly addictive. Yet, as of 2013, a memo from the Department of Justice, stated that prosecuting state legal medical marijuana cases was no longer a priority (25). Furthermore, as of 2005, the supreme court decision in *United States v Booker*, ruled that federal sentencing guidelines enacted in the 1986 drug bill were no longer mandatory, but that the minimum sentence outlined in said bill were to remain in effect (26).

## Legal State Laws and Their Economy

Marijuana is currently legal for recreational use in eight states including Colorado, California, Nevada, Oregon, Washington, Alaska, Massachusetts, and Maine (27). The exact details of the laws in each of these states regarding the legalization of recreational marijuana differ slightly, but for the most part are very similar; most allow you to possess up to one ounce of marijuana with some allowing you to have even more, and most allow you to cultivate your own plants (28).

In Colorado, their law states that if you are twenty-one or older you can possess up to one ounce of THC legally (29). Currently there is a purchasing limit of twenty-eight grams or one ounce for both tourists and residents (30). However, since there are differences in the amounts of concentration of THC in flowering marijuana to, say an edible, there are guidelines to how much of each type of marijuana product you can purchase; individuals can purchase up to one ounce of flowering marijuana, eight grams of concentrate, and eight hundred milligrams of edibles (31). Additionally, you are not permitted to openly and publicly consume marijuana much like alcohol, and the DUI law in Colorado for THC states that the legal limit is 5 nanograms per milliliter of blood (32). However, each individual metabolizes THC at different rates, thus the state advises that no one drives under the influence (33). Finally, Colorado law allows residents to grow up to six plants, with a maximum of three allowed in the flowering stage (34).

In Colorado, the tax on legal marijuana is 29%, while it is 37% in Washington, and 25% in Oregon (35). Colorado tax revenues on legal marijuana totaled fifty-six million dollars in 2014, one hundred and thirteen million dollars in 2015, and one hundred and fifty million dollars through October 2016 (36)(37). In 2015 alone, the legal marijuana industry created approximately eighteen thousand new jobs in Colorado (38). Washington's number started off slower, but have since skyrocketed and have significantly outperformed Colorado. Washington tax revenues on legal marijuana totaled sixteen million dollars in 2014, one hundred and twenty-nine million dollars in 2015, and two hundred and fifty-six million dollars in 2016 (39). Oregon is one of the newer states to have legalized recreational marijuana, but its first year revenues are extremely encouraging. Oregon tax revenues on legal marijuana totaled just over sixty million dollars last year (40). Overall, recent projections suggest that the legal marijuana industry could be worth as much as 11.2 billion dollars by 2020 and could create nearly three hundred thousand jobs by that same year (41).



---

***Marijuana arrests  
decreased 50% in  
Colorado and 98%  
Washington***

---

**Effects?**

Although marijuana has only been recreationally legal for a few years in some states, there has been preliminary data and research conducted in these states. This research has shown that teen marijuana use has not changed since the legal recreational marijuana industry was introduced in 2012; in both Colorado and Washington surveys have shown no significant increase in teen marijuana use (42). Additionally, marijuana arrests have decreased significantly since the introduction of legal recreational marijuana (43). In Colorado, from 2012 to 2014 the number of individuals arrested decreased by nearly 50%, while from 2012-2013 Washington marijuana possession charges declined by 98% (44). Finally, preliminary data has shown that the legalization of marijuana has not had any significant impacts on the use of other drugs including alcohol and cocaine in Colorado, Washington, or Oregon (45).

**Conclusion**

The legal marijuana industry has the potential to greatly improve the United States' economy. Preliminary data from states such as Colorado, Washington and Oregon, who were among the first states to legalize recreational marijuana, shows the powerful positive effects this type of system can have on the economy. This data has highlighted high revenues from the industry (significantly more than first projected in some cases), significant decreases in arrests, thus reducing the amount of money states are spending on housing these inmates, as well as significant job creation. Furthermore, the preliminary data has shown no significant increase in teen marijuana use, or other drug use. Moving the marijuana industry from underground to the legal market will create jobs, revenue, and overall boost the United States economy. Overall, preliminary tests in states across our country have shown the region independent beneficial advantages of legalizing recreational marijuana. Yes, legalizing the drug will lead to increase in use, as was shown by preliminary data, but you could not expect it not too. Just as when alcohol was relegalized there was a significant increase in use, there is this same increase with marijuana. I urge you to whole heartedly review the information put forth by this issue brief and realize the positive effects this will have on our economy. Not only am I urging you, but the American people are as well. They have spoken and now 60% of them support the legalization of marijuana. With it legalized we have all the power. This will lead to less spending on inmates, less spending on enforcement, a new source of

---

***Legalization puts the  
power in our hands,  
not the cartels***

---

jobs, and a multibillion dollar industry that will reinvigorate our struggling economy with a national deficit of nearly twenty trillion dollars and counting.

---

## Endnotes

1. PBS. "Marijuana Timeline." *PBS*. Public Broadcasting Service, n.d. Web. 09 Apr. 2017.
2. Garrett, Thomas. "Committees - H.R.1227 - 115th Congress (2017-2018): Ending Federal Marijuana Prohibition Act of 2017." *Congress.gov*. N.p., 16 Mar. 2017. Web. 09 Apr. 2017.
3. Garrett, Thomas. "Committees - H.R.1227 - 115th Congress (2017-2018): Ending Federal Marijuana Prohibition Act of 2017." *Congress.gov*. N.p., 16 Mar. 2017. Web. 09 Apr. 2017.
4. Garrett, Thomas. "Committees - H.R.1227 - 115th Congress (2017-2018): Ending Federal Marijuana Prohibition Act of 2017." *Congress.gov*. N.p., 16 Mar. 2017. Web. 09 Apr. 2017.
5. Garrett, Thomas. "Committees - H.R.1227 - 115th Congress (2017-2018): Ending Federal Marijuana Prohibition Act of 2017." *Congress.gov*. N.p., 16 Mar. 2017. Web. 09 Apr. 2017.
6. Sledge, Matt. "Marijuana Prohibition Now Costs The Government \$20 Billion A Year: Economist." *The Huffington Post*. TheHuffingtonPost.com, 20 Apr. 2013. Web. 09 Apr. 2017.
7. "Federal Debt Clock." *Government Debt in the United States - Debt Clock*. N.p., n.d. Web. 09 Apr. 2017.
8. Williams, Timothy. "Marijuana Arrests Outnumber Those for Violent Crimes, Study Finds." *The New York Times*. The New York Times, 12 Oct. 2016. Web. 09 Apr. 2017.
9. "Majority of Americans Believe It's Not Worth the Cost to Enforce Marijuana Prohibition, Poll Finds." *Medical Marijuana, Inc. (OTC: MJNA)*. N.p., 19 Aug. 2016. Web. 09 Apr. 2017.
10. Ingraham, Christopher. "Police arrest more people for marijuana use than for all violent crimes - combined." *The Washington Post*. WP Company, 12 Oct. 2016. Web. 09 Apr. 2017.
11. "Marijuana Arrests by the Numbers." *American Civil Liberties Union*. American Civil Liberties Union, n.d. Web. 09 Apr. 2017.
12. "Annual Determination of Average Cost of Incarceration." *Federal Register*. Federal Register, 19 July 2016. Web. 09 Apr. 2017.
13. Faw, Larissa. "How To Get A Job Despite A Less-Than-Perfect Past." *Forbes*. Forbes Magazine, 01 Mar. 2013. Web. 09 Apr. 2017.
14. "More than 1 in 4 Employers Do Not Conduct Background Checks of All New Employees, According to CareerBuilder Survey." *More than 1 in 4 Employers Do Not Conduct Background Checks of All New Employees, According to CareerBuilder Survey - CareerBuilder*. N.p., n.d. Web. 09 Apr. 2017.



15. Williams, Timothy. "Marijuana Arrests Outnumber Those for Violent Crimes, Study Finds." *The New York Times*. The New York Times, 12 Oct. 2016. Web. 09 Apr. 2017.
16. Ingraham, Christopher. "Gallup: Support for marijuana legalization surges to new highs." *The Washington Post*. WP Company, 19 Oct. 2016. Web. 09 Apr. 2017.
17. Ingraham, Christopher. "Gallup: Support for marijuana legalization surges to new highs." *The Washington Post*. WP Company, 19 Oct. 2016. Web. 09 Apr. 2017.
18. Ingraham, Christopher. "Gallup: Support for marijuana legalization surges to new highs." *The Washington Post*. WP Company, 19 Oct. 2016. Web. 09 Apr. 2017.
19. Ingraham, Christopher. "The definitive guide to what experts know about the effects of marijuana use." *The Washington Post*. WP Company, 13 Jan. 2017. Web. 09 Apr. 2017.
20. Ingraham, Christopher. "The definitive guide to what experts know about the effects of marijuana use." *The Washington Post*. WP Company, 13 Jan. 2017. Web. 09 Apr. 2017.
21. Ingraham, Christopher. "The definitive guide to what experts know about the effects of marijuana use." *The Washington Post*. WP Company, 13 Jan. 2017. Web. 09 Apr. 2017.
22. "Federal Marijuana Law." *Americans for Safe Access*. Americans for Safe Access, n.d. Web. 09 Apr. 2017.
23. "Federal Marijuana Law." *Americans for Safe Access*. Americans for Safe Access, n.d. Web. 09 Apr. 2017.
24. "Federal Marijuana Law." *Americans for Safe Access*. Americans for Safe Access, n.d. Web. 09 Apr. 2017.
25. "Federal Marijuana Law." *Americans for Safe Access*. Americans for Safe Access, n.d. Web. 09 Apr. 2017.
26. "Federal Marijuana Law." *Americans for Safe Access*. Americans for Safe Access, n.d. Web. 09 Apr. 2017.
27. Robinson, Melia. "It's 2017: Here's where you can legally smoke weed now." *Business Insider*. Business Insider, 08 Jan. 2017. Web. 09 Apr. 2017.
28. Robinson, Melia. "It's 2017: Here's where you can legally smoke weed now." *Business Insider*. Business Insider, 08 Jan. 2017. Web. 09 Apr. 2017.
29. "Marijuana Laws in Colorado." *Colorado Pot Guide*. Colorado Pot Guide, n.d. Web. 09 Apr. 2017.
30. "Marijuana Laws in Colorado." *Colorado Pot Guide*. Colorado Pot Guide, n.d. Web. 09 Apr. 2017.
31. "Marijuana Laws in Colorado." *Colorado Pot Guide*. Colorado Pot Guide, n.d. Web. 09 Apr. 2017.
32. "Marijuana Laws in Colorado." *Colorado Pot Guide*. Colorado Pot Guide, n.d. Web. 09 Apr. 2017.
33. "Marijuana Laws in Colorado." *Colorado Pot Guide*. Colorado Pot Guide, n.d. Web. 09 Apr. 2017.
34. "Marijuana Laws in Colorado." *Colorado Pot Guide*. Colorado Pot Guide, n.d. Web. 09 Apr. 2017.

35. Henchman, Joseph, and Morgan Scarboro. "Marijuana Taxes: Lessons from Colorado and Washington." *Tax Foundation*. Tax Foundation, 16 Feb. 2017. Web. 09 Apr. 2017.
36. Henchman, Joseph, and Morgan Scarboro. "Marijuana Taxes: Lessons from Colorado and Washington." *Tax Foundation*. Tax Foundation, 16 Feb. 2017. Web. 09 Apr. 2017.
37. Huddleston, Jr. Tom. "Colorado Topped \$1 Billion in Legal Marijuana Sales in 2016." *Fortune.com*. Fortune, 13 Dec. 2016. Web. 09 Apr. 2017.
38. Ingraham, Christopher. "The marijuana industry created more than 18,000 new jobs in Colorado last year." *The Washington Post*. WP Company, 27 Oct. 2016. Web. 09 Apr. 2017.
39. "Washington i502 Marijuana Sales Data." *Washington i502 Marijuana Sales Data*. N.p., n.d. Web. 09 Apr. 2017.
40. Nigel Jaquiss | January 21, Aaron Mesh, Corey Pein, Nigel Jaquiss, WW Staff, and About Nigel Jaquiss News Reporter Nigel Jaquiss Joined Willamette Week in 1998. He Covers Politics. "Oregon's Recreational Cannabis Tax Revenue For 2016 Exceeded One Original Estimate More than Six-Fold." *Willamette Week*. N.p., n.d. Web. 09 Apr. 2017.
41. Borchardt, Debra. "Marijuana Industry Projected To Create More Jobs Than Manufacturing By 2020." *Forbes*. Forbes Magazine, 01 Mar. 2017. Web. 09 Apr. 2017.
42. Ingraham, Christopher. "Here's how legal pot changed Colorado and Washington." *The Washington Post*. WP Company, 13 Oct. 2016. Web. 09 Apr. 2017.
43. Ingraham, Christopher. "Here's how legal pot changed Colorado and Washington." *The Washington Post*. WP Company, 13 Oct. 2016. Web. 09 Apr. 2017.
44. Ingraham, Christopher. "Here's how legal pot changed Colorado and Washington." *The Washington Post*. WP Company, 13 Oct. 2016. Web. 09 Apr. 2017.
45. Angela Dills, Sietse Goffard, and Jeffrey Miron September 16, 2016, and PDF (3.75 MB) EPUB (1.77 MB) MOBI (3.01 MB). "Dose of Reality: The Effect of State Marijuana Legalizations." *Cato Institute*. N.p., 16 Sept. 2016. Web. 09 Apr. 2017.