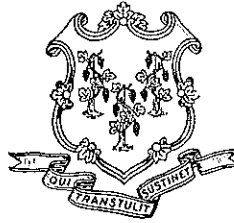


SENATOR MARTIN M. LOONEY
PRESIDENT PRO TEMPORE

Eleventh District
New Haven, Hamden & North Haven



State of Connecticut
SENATE

State Capitol
Hartford, Connecticut 06106-1591
132 Fort Hale Road
New Haven, Connecticut 06512
Home: 203-468-8829
Capitol: 860-240-8600
Toll-free: 1-800-842-1420
www.SenatorLooney.cga.ct.gov

TESTIMONY BEFORE THE JUDICIARY COMMITTEE

Senator Martin M. Looney

March 19, 2018

In support of:

**Senate Bill 487- AN ACT CONCERNING THE LEGALIZATION, TAXATION AND
REGULATION OF THE RETAIL SALE AND RECREATIONAL USE OF MARIJUANA AND
CONCERNING THE PRODUCTION AND REGULATION OF HEMP**

Good morning Senator Doyle, Representative Tong, Senator Kissel, Representative Rebinbas and members of the Judiciary Committee. Thank you for the opportunity to testify in support of Senate Bill 487- AN ACT CONCERNING THE LEGALIZATION, TAXATION AND REGULATION OF THE RETAIL SALE AND RECREATIONAL USE OF MARIJUANA AND CONCERNING THE PRODUCTION AND REGULATION OF HEMP.

In 1920, our nation began what President Herbert Hoover called a "great social and economic experiment, noble in motive and far-reaching in purpose" — the prohibition of alcohol sales. While alcohol consumption under prohibition initially dropped, it soon began to steadily increase, and the noble experiment created many new problems. The government had no control over production or sales, and an average of one thousand Americans died each year from tainted alcohol. Meanwhile, violent criminal organizations took control of the industry. Corruption became rampant in law enforcement, and the federal government was deprived of more than \$11 billion in tax revenue.

After 13 years, the noble experiment was abandoned in favor of regulation and taxation of alcohol.

Following the end of Prohibition, the Federal Bureau of Narcotics, under controversial commissioner Harry J. Anslinger, engaged in a sensationalist, racially charged anti-marijuana campaign. This campaign culminated in the Marijuana Tax Act of 1937, which outlawed the possession or sale of marijuana. Similar tactics continued into the 1970s during Richard Nixon's "war on drugs." In a 1994 interview published in 2016, Nixon advisor and key Watergate figure John Ehrlichman said the war on drugs was created as a political tool to fight African-Americans and anti-war advocates. Ehrlichman said "We knew we couldn't make it illegal to be either against the war or black, but by getting the public to associate the hippies with marijuana and blacks with heroin, and then criminalizing both heavily, we could disrupt those communities. We could arrest their leaders, raid their homes, break up their

meetings, and vilify them night after night on the evening news. Did we know we were lying about the drugs? Of course we did.”

Marijuana prohibition has lasted 80 years. Yet, it has been just as much of a failure as America’s short-lived experiment with alcohol prohibition. It is time we take the rational, common-sense approach to marijuana, as we did with alcohol: regulating and taxing it.

According to the Substance Abuse and Mental Health Services Administration, 479,000 Connecticut residents used marijuana in 2015 — over 13% of the state’s population. Other than those who are participants in our medical marijuana program, these users are getting this product from the illicit market, which poses significant dangers. Buyers can be sold marijuana tainted with harmful contaminants, offered hard drugs, or even physically assaulted. If this bill is enacted, consumers could purchase products from regulated stores. Marijuana would be produced by regulated growers and product manufacturers, and would be tested for potency and contaminants. It would also have warning labels and child-proof packaging.

Legalization can also help Connecticut’s economy. During 2014, the first year of implementation of Colorado Amendment 64, Colorado’s legal marijuana market reached total sales of \$700 million. It is estimated that, in 2015, the legal marijuana industry in Colorado created more than 18,000 new full-time jobs and generated \$2.4 billion in economic activity. A recent report projects that, by 2020, the legal cannabis market will create more than a quarter of a million jobs nationally. And these jobs will come with the protections workers deserve, from minimum wage and overtime regulations, to unemployment insurance and social security.

Additionally, this bill contains specific provisions designed to encourage small business development and promote diversity. The Department of Consumer Protection would be required to adopt procedures and policies to encourage business applications from people who are part of communities that have been disproportionately harmed by marijuana prohibition and enforcement. And since drug prohibition has been enforced in a racially disparate manner, to avoid perpetuating the disparity, individuals with an infraction or misdemeanor drug charge would not be disqualified from participating in the marijuana industry. The bill also includes provisions for tiered marijuana cultivator licenses based on the size of the facility or the number of plants. Application fees would not be excessive to avoid excluding applicants without access to large amounts of resources. These provisions will encourage potential small cultivators to enter the market.

Another benefit to legalization, though far from its chief advantage, is the substantial revenue that would be raised for the state through taxation of marijuana sales. In order to optimize the total revenue collected, this bill proposes a two-stage policy for marijuana taxation. In the first early stage, beginning effective with the first day of legal marijuana sales, the bill proposes a 25 percent sales tax on all marijuana and marijuana products, to be collected in addition to the state’s regular sales tax of 6.35 percent. The Marijuana Policy Project has estimated that during one year of collections under this “early sales” rate structure, \$71 million in revenue would be raised from sales to Connecticut residents. In the second stage, beginning perhaps on January 1, 2020, the bill proposes a shift to permanent tax structure, abandoning the early stage 25 percent sales tax in favor of a volume-based tax: \$50 per ounce of marijuana flowers sold and \$15 per ounce of all other marijuana. Under this second stage revenue

structure, the state could expect annual revenues of \$166 million per year, utilizing the same methods of estimation.

I am aware that many individuals have passionate and sincere concerns about marijuana legalization. I would note that in a 2016 report, "Dose of Reality: The Effect of State Marijuana Legalizations", the Cato Institute reviewed data regarding, among other things, marijuana usage, suicide rates, treatment admissions, crime, traffic fatalities, school suspensions and expulsions, standardized test scores, home prices, unemployment rates and correction and police expenditures in the states of Colorado, Washington, Oregon and Alaska following legalization. The report found that: "The absence of significant adverse consequences is especially striking given the sometimes dire predictions made by legalization opponents." Regarding usage specifically, the report found that "state marijuana legalizations have had minimal effect on marijuana use and related outcomes." The report also found that available data from Colorado and Alaska on marijuana use from the Youth Risk Behavior Survey showed no obvious effect of legalization on youth marijuana use.

We know there is popular support for legalization here in Connecticut. An October 2017 poll by Sacred Heart University shows that 71% of Connecticut residents support legalizing and taxing marijuana. Furthermore, our region is rapidly moving toward regulating marijuana. Both Maine and Massachusetts approved ballot initiatives in November, 2016 and retail sales north of our border in Massachusetts are expected to begin in July. In May 2017, Vermont became the first state to legalize marijuana not by ballot initiative, but by a vote of its legislature. Rhode Island and New Jersey are seriously considering enacting similar measures. We need to ensure that Connecticut is not left behind as our neighbors move forward with common sense marijuana policy.