



State Board of Equalization

News Release

Chairwoman Betty T. Yee

1st District – San Francisco

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Betty T. Yee Clears Smoke Around Proposition 19 Revenue Impact

Board of Equalization Chairwoman Betty T. Yee today outlined highlights of the BOE staff analysis of Proposition 19, the “Regulate, Control and Tax Cannabis Act of 2010” to point out differences between the ballot measure and legislative efforts to legalize the commercial sale of marijuana.

Proposition 19 on the November 2010 ballot would make personal use of marijuana legal on a statewide basis with no statewide commercial sale provision. Proposition 19 would also authorize local governments to regulate and control specified commercial marijuana activities, in addition to allowing local governments to impose marijuana fees or taxes at their discretion.

“Proposition 19 gives Californians an opportunity to have a serious, healthy debate regarding the legal status of marijuana in our state,” Chairwoman Yee said. “However, it is important for Californians to have the information to understand the differences between this proposal and other marijuana legalization proposals that have been debated in the Legislature.

Yee referenced BOE’s 2009 analysis of Assembly Bill 390 by Assembly Member Tom Ammiano, which proposed to legalize commercial sale of marijuana, in addition to legalizing recreational use of marijuana. Moreover, AB 390 proposed specific revenue-generating provisions including a \$50 per ounce excise fee on marijuana sales, in addition to facilitating sales tax collection on retail purchases of non-medical marijuana by legalizing those sales. The BOE estimated that these provisions could generate up to \$1.4 billion in revenue to the state.

"The BOE's revenue estimate was a sound analysis based on a specific proposal with specified revenue measures applicable to a defined commercial market, where supply, demand, and price could reasonably be estimated," said Yee.

In contrast, Proposition 19 would authorize personal use of marijuana only on a statewide basis, while containing no provisions for statewide legalization of commercial marijuana sales. It does not enact any specific tax or fee. The ballot measure allows local jurisdictions to regulate the commercial production and retail sale of marijuana. It also allows local governments to choose to impose licensing fees or implement differing tax schemes or rates within their local jurisdiction.

The sale of marijuana is a taxable activity under current sales and use tax law. Sales tax revenue generated from such sales would depend on how many and which localities choose to make those sales legal and the amount of marijuana purchased, both of which are unknown at this time.

"Proposition 19's proposal to give local governments the option to authorize marijuana sales, with local regulation and taxes, leaves too many unknown variables to develop a credible statewide revenue estimate," said Yee.

Chairwoman Betty T. Yee was elected to her post in November 2006. Her district includes many of California's coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

BOE Prop 19 Analysis: <http://www.boe.ca.gov/news/pdf/Proposition%2019%20draft%20analysis.pdf>

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