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Bonta was right, over-taxation of cannabis is spurring illegal crops



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For the many reasons listed in the article, eradication efforts directed toward illegal marijuana growing in California are critically important (AG Renews Focus on Eradication Efforts in Legalized Cannabis Era, Daily Journal, Oct. 12).

Marijuana consumption and cultivation is legal in California, so why is there such a serious illegal growth problem in the state? The answer, quite simply, is the price difference between more expensive legally grown and much cheaper illegally-grown cannabis.

Attorney General Rob Bonta, as an assemblyman in 2019, attempted to lower the cannabis excise tax from 15% to 11% and temporarily suspend the cultivation tax altogether. His argument was that high taxes were helping maintain the illegal market and actually holding down tax revenue. He was correct, but his legislation went nowhere.

Cities and counties are addicted to the growth of tax revenue possibilities. They thought, incorrectly, that the legal market would continue to accept high taxes on legal pot without complaint.

Assemblymember Bonta understands the lessons of history provided by cigarette taxes. Tobacco growing states tax their cigarettes at a much lower rate than non-tobacco growing ones. It is a big industry in these states, and they don't want to hinder the growth of their chief product with high taxes.

Meanwhile, states like New York and New Jersey had much higher tobacco taxes on sales in their states. Ultimately this tax difference led to the illegal importation and sale of cheaper cigarettes from the tobacco-growing states. New York and New Jersey eventually provided funding to stop this criminal enterprise, an effort that was not only expensive but ultimately unsuccessful.

Thus far, California has not learned from history and over-taxes cannabis cultivation and sale. It is time to revisit Attorney General Bonta's original tax proposal. If we want to reduce illegal growing and sales of marijuana, we must have a tax structure that motivates both the grower and end user to follow all of the rules.

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