

1 SENATE JOINT MEMORIAL 31

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

3 INTRODUCED BY

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10 A JOINT MEMORIAL

11 REQUESTING THE ECONOMIC DEVELOPMENT DEPARTMENT TO CONDUCT A
12 STUDY OF THE BUDGETARY IMPLICATIONS OF LEGALIZING AND
13 REGULATING MARIJUANA AND IMPOSING TAXES AND FEES ON EVERY PHASE
14 OF A LEGAL MARIJUANA ECONOMY.

15
16 WHEREAS, in 2012, voters in the states of Colorado and
17 Washington decided to permit the legal regulation of marijuana
18 sales, cultivation and distribution to adults; and

19 WHEREAS, in Colorado, Amendment 64, which outlined the new
20 Colorado marijuana policy, won with fifty-four and eight-tenths
21 percent of the vote, and in Washington, I-502, which initiated
22 Washington's new marijuana policy, won with fifty-five and
23 seven-tenths percent of the vote; and

24 WHEREAS, the tenth amendment of the United States
25 constitution allows states such as Washington and Colorado to

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1 remove all state law penalties for all commercial marijuana
2 activity within the state; and

3 WHEREAS, Harvard university professor of economics Jeffrey
4 Miron concluded in his 2010 study, *The Budgetary Implications*
5 *of Drug Prohibition*, that the United States would save
6 approximately eight billion seven hundred million dollars
7 (\$8,700,000,000) per year by ending marijuana prohibition; and

8 WHEREAS, according to Professor Miron, using 2008 data,
9 marijuana tax revenues in New Mexico would be nineteen million
10 dollars (\$19,000,000) to twenty million eight hundred twenty
11 thousand dollars (\$20,820,000) annually; and

12 WHEREAS, in 2006, according to the taxation and revenue
13 department, New Mexico collected ninety-seven million dollars
14 (\$97,000,000) in alcohol excise and gross receipts tax revenues
15 and approximately thirty-three million dollars (\$33,000,000) in
16 cigarette tax revenues; and

17 WHEREAS, marijuana, if monitored, taxed and regulated like
18 alcohol and tobacco, would reduce crime and allow taxpayer
19 dollars that are currently being used for marijuana prohibition
20 enforcement and prosecution to be redirected to health,
21 education, drug treatment and other state programs; and

22 WHEREAS, Professor Miron calculated that, by ending
23 marijuana prohibition, New Mexico would save over thirty-three
24 million dollars (\$33,000,000) annually on police, courts and
25 corrections costs of enforcing existing marijuana laws; and

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1 WHEREAS, the responsible regulation of marijuana
2 cultivation, distribution and sales would generate considerable
3 additional revenue from excise and sales taxes, as well as from
4 licensing fees; and

5 WHEREAS, far greater revenues will be realized if the
6 state imposes taxes and fees on every phase of a legal
7 marijuana economy, including permitting and licensure fees for
8 cultivation, production, manufacture, transportation and sale;
9 inspection fees on crops; regulation and taxation of
10 distributors; local and state licensing of retail outlets;
11 state sales and use taxes; excise taxes; and income taxes on
12 legal workers at every level; and

13 WHEREAS, in 2005, more than five hundred leading
14 economists, including three Nobel laureates – the late Dr.
15 Milton Friedman, Dr. George Akerlof of the university of
16 California, Berkeley, and Dr. Vernon Smith, research scholar at
17 George Mason university – signed an open letter to the
18 president, congress, governors and state legislatures urging an
19 open and honest debate about marijuana prohibition, which would
20 likely "favor a regime in which marijuana is legal but taxed
21 and regulated like other goods"; and

22 WHEREAS, the federal bureau of investigation's uniform
23 crime reports drug arrest data show that, in 2010, three
24 thousand two hundred seventy-seven New Mexicans were arrested
25 solely for possession of marijuana; and

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1 WHEREAS, thirty-four percent of all drug arrests in New
2 Mexico in 2010 were for nothing more than marijuana possession;
3 and

4 WHEREAS, according to the federal substance abuse and
5 mental health services administration, two hundred five
6 thousand New Mexicans, roughly thirteen percent of the state's
7 population, age twelve or older report using marijuana in the
8 past year, and one hundred twenty-six thousand report using
9 marijuana in the past month; and

10 WHEREAS, African Americans and Latinos are far more likely
11 to be arrested for marijuana offenses than their nonminority
12 counterparts despite lower rates of marijuana use; and

13 WHEREAS, arresting casual marijuana users creates
14 criminals out of otherwise law-abiding residents, which, in
15 turn, substantially limits their ability to find jobs, pay
16 taxes and procure federal student loans and other public
17 benefits; and

18 WHEREAS, minority and working-class Americans are
19 disproportionately affected by marijuana prohibition; and

20 WHEREAS, available research shows that policing strategies
21 that stringently enforce marijuana prohibition do not produce
22 reductions in violent or property crimes; instead, they divert
23 limited resources from more effective strategies; and

24 WHEREAS, the considerable resources that are expended to
25 enforce New Mexico's marijuana laws could be better spent to

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1 prevent and investigate serious and violent crimes; and

2 WHEREAS, marijuana prohibition creates a violent,
3 multibillion-dollar criminal industry that fuels drug
4 trafficking organizations and organized criminal groups in
5 Mexico and New Mexico; and

6 WHEREAS, according to the federal bureau of investigation
7 and the federal drug enforcement administration, "Marijuana is
8 the top revenue generator for Mexican drug trafficking
9 organizations – a cash crop that finances corruption and the
10 carnage of violence year after year."; and

11 WHEREAS, the safe regulation of marijuana would undermine
12 these criminal enterprises on both sides of the border, while
13 boosting New Mexico's economy and protecting New Mexicans; and

14 WHEREAS, doctors and medical researchers agree that
15 marijuana is far less harmful than alcohol and tobacco, which
16 the federal centers for disease control and prevention
17 estimates have each contributed to more deaths than all illicit
18 drugs combined; and

19 WHEREAS, unregulated marijuana poses a risk to the health
20 of consumers by forcing them to interact with a criminal
21 network and consume a product that may be contaminated; and

22 WHEREAS, reports by the institute of medicine of the
23 national academies and other scientific and medical
24 institutions have demonstrated that physiological dependence on
25 marijuana is highly unlikely and marijuana consumption,

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1 whatever the amount, does not result in overdose; and

2 WHEREAS, only six percent of all people who entered
3 substance-abuse treatment in New Mexico were referred for
4 marijuana use, while almost one-half were referred for alcohol
5 problems; and

6 WHEREAS, of the small fraction of people who were admitted
7 to treatment for marijuana use, over forty-three percent of
8 them were mandated by the criminal justice system and likely
9 did not have a drug problem; and

10 WHEREAS, according to the federal department of health and
11 human services, "Most marijuana users do not go on to use other
12 drugs."; and

13 WHEREAS, rigorous regulation would reduce the availability
14 of marijuana to minors, while the current prohibition regime
15 has failed to substantially limit access to marijuana among
16 minors; and

17 WHEREAS, the national monitoring the future study has
18 consistently found that roughly eighty percent of twelfth grade
19 students in the United States report that marijuana is either
20 "fairly easy" or "very easy" to obtain; and

21 WHEREAS, the 2011 New Mexico youth risk and resiliency
22 survey found that marijuana use is more prevalent than
23 cigarette use among New Mexico high school students and that
24 students are more likely to use marijuana on school property
25 than they are to use alcohol or cigarettes;

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1 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
2 STATE OF NEW MEXICO that the economic development department be
3 requested to convene a working group to study the budgetary
4 implications of legalizing marijuana and imposing taxes and
5 fees on every phase of a legal marijuana economy, including
6 licensure fees for cultivation, production, manufacture,
7 transportation and sale; inspection fees on crops; regulation
8 and taxation of distributors; local and state licensing of
9 retail outlets; state sales and use taxes; excise taxes; income
10 taxes on legal workers at every level; and potential savings to
11 the state's criminal justice system, including law enforcement,
12 state prison systems, court systems, district attorneys, public
13 defenders and the probation and parole system; and

14 BE IT FURTHER RESOLVED that the working group consist of
15 the secretary of economic development, or the secretary's
16 designee; the secretary of public safety, or the secretary's
17 designee; the secretary of taxation and revenue, or the
18 secretary's designee; the secretary of finance and
19 administration, or the secretary's designee; the executive
20 director of the New Mexico association of counties, or the
21 director's designee; the secretary of corrections, or the
22 secretary's designee; the chief public defender, or the chief's
23 designee; the director of the administrative office of the
24 district attorneys, or the director's designee; the president
25 of the university of New Mexico, or the president's designee;

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1 and the director of the administrative office of the courts, or
2 the director's designee; and

3 BE IT FURTHER RESOLVED that the working group consult with
4 community stakeholders and interested parties who might either
5 support or oppose the legalization and regulation of marijuana;
6 and

7 BE IT FURTHER RESOLVED that the economic development
8 department report the working group's findings to the
9 legislative finance committee and other appropriate interim
10 legislative committees by November 1, 2013; and

11 BE IT FURTHER RESOLVED that a copy of this memorial be
12 transmitted to the economic development department.