



Exploring the Potential Benefits of Adult-Use Cannabis Legalization in Pennsylvania



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Summary

The legalization of the adult use of cannabis in Pennsylvania has been debated vigorously over the past year, during and following the lieutenant governor's listening tour. And over the last few weeks, Governor Wolf and Attorney General Shapiro announced support of it.

This brief is meant to generate further discussion by sharing information, research, and experiences from other states about the legalization of marijuana and the potential benefits and possible costs to Pennsylvania.

Legalizing adult-use cannabis would bring with it several economic benefits. Adult-use legalization would

- create jobs;
- reduce the number of individuals, disproportionately African American, arrested for marijuana offenses;
- save on criminal justice costs and related social costs of criminalization;
- raise substantial revenue—an estimated \$581 million/year; and
- result in increased tourism and other economic benefits.

This brief also explores some common concerns raised at the prospect of legalization. Evidence from other states

- finds that marijuana legalization has not resulted in increased usage by youth;
- does not find that marijuana legalization has made the roads less safe; and
- finds that marijuana is not a gateway drug, and it can actually be used as an exit drug from alcohol/nicotine addiction as well as opioid addiction.

Questions remain about how to structure the legalization of adult use in Pennsylvania. We make suggestions that include using existing state infrastructure for distribution and encouraging small business development. Pennsylvania is unique in that it already has existing state-owned entities—the wine and spirit stores—that are already in the business of regulating and selling controlled substances, ensuring youth do not have access and promoting the responsible use of alcohol. Using this existing state infrastructure could ensure a smooth roll-out without the risks that accompany legalization through the private sector.

One lesson from other states that have legalized adult use is that the transition from an illegal to a legal market often comes with the danger that the legal cannabis industry will be taken over by big business. There are steps Pennsylvania can and should take to encourage the growth of small businesses in the cannabis industry, including workforce training efforts aimed at giving individuals harmed by the drug war priority for (now) legal and good paying jobs in the marijuana industry and supporting the growth of small, minority-owned businesses.

Public support for the legalization of adult-use cannabis has been growing in Pennsylvania. The latest poll shows that 59% of Pennsylvanians support it.

Below we explore these issues in more depth.

Introduction

Pennsylvania enacted legislation of medical marijuana in April 2016, and it became available to qualifying patients over a year ago, in February 2018. Pennsylvania is one of 33 states that has legalized medical marijuana. Nationally, there has been movement towards legalizing adult-use marijuana as well—ten states plus the District of Columbia have legalized adult use.¹ Colorado and Washington state were the earliest adopters of adult-use cannabis—both states enacted it in 2012—and their experience gives us some information about the impact of legalization, including its benefits and challenges. Neighboring New York and New Jersey have signaled they would like to legalize adult-use in the coming year.

Shifting from an illegal to a legal market of marijuana sales is a complex process that if passed would require many complicated decisions by the state, especially since there is no established roadmap to follow. This brief is not meant to be an extensive analysis of the pros and cons of legalization but rather a piece that highlights some of the benefits of marijuana legalization and experiences of other states that are further along in the process.

Economic and Social Benefits

Legalizing Adult-Use Cannabis Would Create Jobs

Colorado saw the creation of 18,000 full-time-equivalent jobs in the state due to the legalization of marijuana in 2015. About 70% of those jobs were in stores and dispensaries, in cultivation and growing, or in product manufacturing operations. These jobs included those in retail operations (4,407 people hired), administration (2,770), manufacturing (2,015), management (1,889), and agriculture specialists (1,511). The other 30% of jobs created was a result of the purchases made by the marijuana industry for goods and services—jobs including security guards, jobs in construction and HVAC, commercial real estate agents, and other business services. Legalization also stimulates job creation when employees from within the marijuana industry spend their income on local housing, food, etc.²

Legalizing Adult-Use Cannabis Would Reduce the Number of Individuals, Disproportionately African American, Arrested for Marijuana Offenses

In 2010, there were 21,287 arrests for marijuana possession in Pennsylvania, 40% of which were arrests of Black people. Despite marijuana usage rates being very similar among Blacks and whites, in 2010, Black people in Pennsylvania were 5.17 times more likely to be arrested for marijuana possession than whites were. That year, Pennsylvania ranked 7th in the nation for

1 Jeremy Berke and Skye Gould. 2019. "New Jersey Lawmakers postponed a critical vote to legalize marijuana – here are all the states where pot is legal." Business Insider. March 26, 2019. Accessed at: <https://www.businessinsider.com/legal-marijuana-states-2018-1>.

2 Marijuana Policy Group. 2016. "The Economic Impact of Marijuana Legalization in Colorado." Marijuana Policy Group. October 2016. Accessed at: <http://mjpolicygroup.com/pubs/MPG%20Impact%20of%20Marijuana%20on%20Colorado-Final.pdf>.

racial disparities in marijuana possession arrests. Marijuana possession arrests accounted for 78.3% of all marijuana offenses in Pennsylvania and 37.3% of all drug arrests.³

By 2016, the racial disparity was lower than recorded in 2010 but still was 3.6—that is, Black people were 3.6 times more likely to be arrested than whites in PA for marijuana possession. However, in certain counties, the racial disparity was much higher—in Allegheny County the disparity in arrests is 6.9, in Luzerne, Westmoreland, Lycoming, Adams, Indiana, Lawrence, Crawford, Armstrong, Columbia, Carbon, Venango, Bedford, Mifflin, Perry, Susquehanna, Tioga, Clarion, Elk, Montour, and Fulton Counties the disparity ranged from 9.0 to 32.2.⁴

Several cities in Pennsylvania have started to decriminalize marijuana possession. As a result of a 2014 ordinance, Philadelphia now punishes possession with a civil fine which keeps offenders out of the criminal justice system. Pittsburgh, York, Harrisburg, State College, and now Erie have enacted local ordinances to downgrade possession charges to a summary offense, but this still identifies possession as a crime.⁵ It's important to note that decriminalizing small amounts of marijuana does not address racial disparities in the justice system. In Baltimore, after the decriminalization of small amounts of marijuana in the state, marijuana-related arrests decreased overall—but those arrested in Baltimore remained disproportionately, and overwhelmingly Black, at 96% of all arrested.⁶ The same goes for Philadelphia in the three years since the decriminalization of marijuana possession.⁷ Full legalization of adult-use marijuana would also likely not reduce racial disparities in arrests, but it would significantly reduce the number of individuals arrested for marijuana offenses. Police reform is necessary to address racial disparities surrounding marijuana enforcement.⁸

Legalizing marijuana across the state would keep tens of thousands of individuals out of the criminal justice system a year, many of whom are young people of color and just getting their lives started. Currently, Pennsylvania's high incarceration and community supervision (probation) rates rank us as number three in the nation for incarceration/supervision rates. In fact, the total population that falls under these two categories exceeds the total 2015 population

3 ACLU. 2013. "The War on Marijuana in Black and White: Billions of Dollars Wasted on Racially Biased Arrests." ACLU, June 2013.

4 See spreadsheet called "Racial disparities in arrests of adults for marijuana possession, by county, 2016" at <https://www.aclupa.org/issues/criminaljustice/cannabis-crackdown>.

5 Chris Goldstien. 2018. "Millennials bear the brunt of Pa. marijuana arrests." The Inquirer. February 16, 2018. Accessed at: <https://www.philly.com/philly/business/cannabis/millennials-bear-the-brunt-of-pa-marijuana-arrests-20180216.html>.

6 Ethan McLeod, Andy Friedman and Brandon Soderberg. 2018. "Structural Racism and Cannabis: Black Baltimoreans still disproportionately arrested for weed after decriminalization." Baltimore Fishbowl. December 28, 2018. Accessed at: <https://baltimorefishbowl.com/stories/structural-racism-and-cannabis-black-baltimoreans-still-disproportionately-arrested-for-weed-after-decriminalization/>.

7 Max Marin. 2019. "Philly police still arrest way more Black people for pot than anyone else: Even after marijuana decriminalization in the city, huge racial disparities persist." Billy Penn. January 8, 2019. Accessed at: <https://billypenn.com/2019/01/08/black-people-in-philly-are-still-arrested-disproportionately-for-buying-marijuana/>.

8 Drug Policy Alliance. 2018. "From Prohibition to Progress: A Status Report on Marijuana Legalization: What We Know About Marijuana Legalization in Eight States and Washington D.C." Drug Policy Alliance. Accessed at: http://www.drugpolicy.org/sites/default/files/dpa_marijuana_legalization_report_feb14_2018_0.pdf.

of 305,928 in our second largest city, Pittsburgh. Pennsylvania's incarceration and supervision rates have increased six-fold since the 1970s, however this is not due to an increase in violent crime. In fact, violent crime, between 2004 and 2014 fell by 21%, yet the combined felony and misdemeanor sentences increased by 15% during the same period.⁹ The main drivers of over-incarceration are the share of offenders sent to prison and the length of their stay. The likelihood of an individual going to prison for a drug offense increased by 350% between 1980 and 2010.¹⁰ By legalizing marijuana, we can begin to curb one of the drivers of over-incarceration.

Legalizing marijuana should be accompanied with righting the wrongs of the past—giving driver's licenses back to those who have lost them due to cannabis activity and expunging the records of those who have criminal records due to marijuana offenses. The state could also repair some of the damage done by a system in which a disproportionate number of Black suppliers and users of marijuana who were arrested by prioritizing those enmeshed in the criminal justice system for marijuana-related offenses for positions within a legitimate marijuana industry.

Legalizing marijuana would not eliminate racial disparities in arrests and prosecutions as they are found in many other areas of the law and those disparities may be as great or greater with regard to other crimes. But it would reduce the scope of crimes in which racial disparity in arrest and prosecution are found. And, because arrests for minor crimes are often irritants in the relationships between the police and minority communities, eliminating them may have some beneficial effects in improving those relationships.

Legalizing Adult-Use Cannabis Would Save on Criminal Justice Costs

Legalizing recreational marijuana would create some savings on criminal justice costs, although marijuana charges only account for a small fraction of total Pennsylvania criminal justice costs. According to the Pennsylvania Uniform Crime Reporting System (UCRS), in 2017 there were 20,392 adults and 2,269 juveniles arrested in Pennsylvania for low-level marijuana possession. People under 30 years of age, including millennials, made up 71% of all of Pennsylvania's low-level marijuana arrests.¹¹ *The Philadelphia Inquirer* (see previous footnote) reports that each misdemeanor case in Philadelphia costs an estimated \$1,000 to process. This figure squares roughly with a Rand Study for Vermont which put the criminal justice costs at \$1,266 in 2014 dollars per arrest (about \$1,350 in today's dollars) and the net costs (taking into account the loss of fines) at about \$1,000.¹² Multiplying the Rand figure by the number

9 Justice Center. "Justice Reinvestment in Pennsylvania: Overview." February 2016. Justice Center. Accessed at: <http://www.pacenterofexcellence.pitt.edu/documents/Pennsylvania%20Justice%20Reinvestment%202-16.pdf>

10 Michael Mitchell. "The Big Picture: Incarceration and Pennsylvania's State Budget." Center on Budget and Policy Priorities, powerpoint. March 3, 2016.

11 Chris Goldstein. 2018. "Millennials bear the brunt of Pa. marijuana arrests." *The Inquirer*. February 16, 2018. Accessed at: <https://www.philly.com/philly/business/cannabis/millennials-bear-the-brunt-of-pa-marijuana-arrests-20180216.html>.

12 Jonathan P. Caulkins, *Considering Marijuana Legalization Insights for Vermont and Other Jurisdictions*, (Santa Monica, CA: Rand Corporation, 2015), pp. 19-27; online at https://www.rand.org/pubs/research_reports/RR864.html.

of adult arrests in 2017 results in an annual total of about \$20 million (marijuana will remain illegal for youth so they are not included in this calculation).¹³ These figures may be slightly conservative because a small number of people are incarcerated for low-level possession alone or in conjunction with another charge.¹⁴ In addition, a study out of Washington University in St. Louis estimates that the total social and economic costs of incarceration to those few who are arrested are 11 times the cost of incarceration alone.¹⁵

Rather than spending money on the arrests and prosecution of people for low-level possession or other marijuana-related offenses, Pennsylvania could be raising money and beginning to remedy the problems related to the criminalization of marijuana use and racial disparities in arrests. Pennsylvania could see benefits from money saved, tax revenue generated, and perhaps most importantly, lives impacted through the decriminalization of marijuana—those who have been charged with crimes related to possession, their families, and communities.

Legalizing Adult-Use Cannabis Would Be a Revenue Generator

Legalizing and regulating the adult-use cannabis market can generate revenues at a time when our state government refuses to raise recurring revenue necessary to address our public investment deficit. Auditor General DePasquale's office released a report on the potential revenue and financial benefits of legalizing recreational marijuana in Pennsylvania in July 2018. The report estimates that legalizing marijuana would create a roughly \$1.66 billion industry in the state. Their estimate is based on this: nearly 800,000 (8.38%) adults in Pennsylvania admit to using marijuana. The average annual amount spent per user in Colorado and Washington state was \$2,080. Multiplying the number of adults in Pennsylvania by the average annual amount spent per user leads to a potential industry size of \$1.66 billion a year. Given this, Pennsylvania could raise approximately \$581 million a year by imposing a 35% tax rate on the industry through a 10% grower/producer excise tax, a 19% retail/sales excise tax,¹⁶ and a 6% local sales tax. Philadelphia and Allegheny Counties could be given the ability to impose local taxes (of 1-2%) on the industry as well, which could bring \$3.8 million to Allegheny County and \$6.9 million to Philadelphia.¹⁷ Additional revenues would be generated by the

13 While there will be direct costs savings, there will also be additional costs associated with legalization. The number of arrests of those under 21 went up after legalization as did school violations. There are also enforcement and regulation costs, discussed briefly below.

14 An ACLU study of Pennsylvania put the costs per case in 2010 (when there were 21,287 arrests for marijuana possession) at nearly \$5,000 per case (including \$42.2 million on police costs, \$40.4 million on judicial and legal costs and \$18.1 million on corrections costs.) ACLU, "The War on Marijuana in Black and White: Billions of Dollars Wasted on Racially Biased Arrests." ACLU, June 2013.

15 Michael McLaughlin, Carrie Pettus-Davis, Derek Brown, Chris Veeh, Tanya Renn. 2016. "The Economic Burden of Incarceration in the U.S." Concordance Institute for Advancing Social Justice: George Warren Brown School of Social Work. Working Paper #CI072016. Accessed at: <https://joinnia.com/wp-content/uploads/2017/02/The-Economic-Burden-of-Incarceration-in-the-US-2016.pdf>.

16 One important thing to note is that if cannabis distribution were taken on by the state-owned liquor stores, there would be 0% tax delinquency on the excise tax. If it is privately distributed, we would expect some tax delinquency that would cost the state money.

17 PA Auditor General Eugene A. DePasquale's office. 2018. "Regulating and Taxing Marijuana: A special report on potential revenue and financial benefits for Pennsylvania." July 2018. Accessed at: https://www.paauditor.gov/Media/Default/Reports/RPT_Marijuana_FINAL_reduced%20size_071918.pdf.

income and sales taxes paid by those who work in a growing recreational marijuana industry. A 2016 report on the Colorado experience found that marijuana was pulling in tax revenue at three times the rate of the alcohol industry and 14% more than revenues generated from casinos. It's expected that by 2020 the revenue generated from marijuana in Colorado will surpass that of cigarette taxes.¹⁸

In recent years, we have documented that Pennsylvania suffers from a severe public investment deficit. We underfund and unequally fund PreK, K-12, and Higher Education. There are waiting lists for childcare, mental health care and care for those with intellectual disabilities. And our road, bridge, and public transit infrastructure is also severely underfunded. Just as funds raised from marijuana legalization in Colorado, Oregon, and Washington have gone towards a variety of things, including funding school construction, early literacy programs, alcohol and drug treatment, and basic health plans, they could be used to address the public investment deficit in Pennsylvania.

Massachusetts and California are planning to invest funds into communities—mostly low-income communities of color—that have been most harmed by unequal drug enforcement.¹⁹ Given recent discussions of the moral case for reparations, dedicating some of the tax revenue from marijuana sales to this purpose would be good public policy.

One thing to note is that in addition to raising revenue for Pennsylvania, marijuana legalization also comes with costs, including regulatory and enforcement costs related to the product and types of products allowed to be sold, the sellers, marketing, and possession (use in public, while driving, of youth, etc.). (For more details on regulation, see Caulkins et al., p. 103-105).²⁰ Regulatory costs depend on many factors, including the particular decisions Pennsylvania makes surrounding regulation.

Legalizing Adult-Use Cannabis Would Have Other Economic Benefits

In 2016, Colorado gained a tremendous amount of revenue—\$1.2 billion in tax revenue from 82.4 million visitors from out of state. In fact, the state's tourism office found in a survey of recent visitors that legalization of marijuana had influenced 49% of visitors' decisions to visit the state. As more states legalize marijuana, we will likely see these benefits wane—but the fact remains that those interested in obtaining legal marijuana would seek out travel to Pennsylvania if we were to legalize marijuana, resulting in increases in tax revenue as well as the other economic benefits from tourism.

18 Marijuana Policy Group. 2016. "The Economic Impact of Marijuana Legalization in Colorado." Marijuana Policy Group. October 2016. Accessed at:

<http://www.mjpolicygroup.com/pubs/MPG%20Impact%20of%20Marijuana%20on%20Colorado-Final.pdf>.

19 Drug Policy Alliance. 2018. "From Prohibition to Progress: A Status Report on Marijuana Legalization: What We Know About Marijuana Legalization in Eight States and Washington D.C." Drug Policy Alliance. Accessed at: http://www.drugpolicy.org/sites/default/files/dpa_marijuana_legalization_report_feb14_2018_0.pdf.

20 Jonathan P. Caulkins, Beau Kilmer, Mark A. Ar. Kleiman, Robert J. MacCoun, Greg Midgette, Pat Oglesby, Rosalie Liccardo Pacula, Peter H. Reuter. *Considering Marijuana Legalization Insights for Vermont and Other Jurisdictions*. Santa Monica, CA: Rand Corporation, 2015. pp. 103-105; online at https://www.rand.org/pubs/research_reports/RR864.html.

Legalizing marijuana would also boost the economy, creating economic development opportunities, including expanding the agrarian economy in regions that have been over-reliant on coal, natural gas, or prison economies.

Concerns:

Does marijuana legalization result in higher usage by youth?

Marijuana Legalization Has Not Resulted in Increased Usage by Youth: Opponents of marijuana legalization have argued that legalizing the drug would increase usage by youth. Fortunately, with several states having already gone through legalization, we have cases to test that theory. Preliminary data from surveys of junior high and high school youth found that there was no significant increase in marijuana use nationally or in states that have legalized for adults.²¹

Does marijuana legalization make the roads less safe?

Roads Are Not Less Safe: In all states that have legalized marijuana, driving while impaired remains prohibited. Overall, this seems to be an effective means of limiting any dangers on the roads. Part of the challenge of measuring the impact legalization has had on road safety is that there is no consistent THC level at which drivers are impaired as there is with alcohol. Some states test THC levels with a blood test while others rely on trained observers to identify drivers' impairment.²²

Arrests for Driving Under the Influence (DUI) of alcohol or drugs have actually decreased since legalization in both Colorado and Washington state.²³ There is currently no clear correlation between crash rates and marijuana legalization. There have been slight upticks in fatal crash rates in Washington and Colorado post-legalization for those testing positive for THC, but that may be due to changed screening and data reporting requirements after legalization. Also, when one tests positive for THC, that can be due to marijuana use days or weeks before testing and may not indicate that impairment due to marijuana consumption is the cause of an auto accident.²⁴

21 Summary found here: http://smart-ny.com/wp-content/uploads/2017/04/StartSMART_DPA_Legalizing_Marijuana_Benefits_10.24.2017.pdf. Oregon Health Authority. (2016). 2016 Oregon Student Wellness Survey. Retrieved from: https://oregon.pridesurveys.com/dl.php?pdf=Oregon_SWS_Statewide_Report_2016.pdf&type=region. 7 Oregon Health Authority. (2015). 2015 Oregon Healthy Teen Survey. Retrieved from: https://public.health.oregon.gov/BirthDeathCertificates/Surveys/OregonHealthyTeens/Documents/2015/2015_OHT_State_Report.pdf. 8 Washington State Department of Health. (2012). Healthy Youth Survey, 2012 Analytic Report. Retrieved from: <http://www.doh.wa.gov/Portals/1/Documents/Pubs/160-193-HYSAnalyticReport2012.pdf>.

22 Drug Policy Alliance. 2017. "Why Legalizing Marijuana is the SMART Choice: The Benefits of Ending Marijuana Prohibition." Drug Policy Alliance. September 2017. Accessed at: http://smart-ny.com/wp-content/uploads/2017/04/StartSMART_DPA_Legalizing_Marijuana_Benefits_10.24.2017.pdf.

23 Drug Policy Alliance. 2018. "From Prohibition to Progress: A Status Report on Marijuana Legalization: What We Know About Marijuana Legalization in Eight States and Washington D.C." Drug Policy Alliance. Accessed at: http://www.drugpolicy.org/sites/default/files/dpa_marijuana_legalization_report_feb14_2018_0.pdf.

24 Ibid.

Is marijuana a gateway drug?

Evidence shows that marijuana is not a gateway drug and that it can actually be used as an exit drug. Marijuana is the most widely used illicit drug in the country with over 100 million people having tried it in their lifetime. Drug users often first use alcohol and nicotine before marijuana, but because of its wide use and popularity, marijuana is often the first illicit drug a person tries. If marijuana were a gateway drug, we would expect to see many more people who have tried marijuana using other drugs. The fact is that the vast majority of those who use marijuana do not go on to use other drugs. Those that do likely have an “underlying propensity to do so that is not specific to any one drug.”²⁵

There is also new research that shows marijuana can be used effectively as an exit drug from alcohol, nicotine, opiates, and even anti-depression medications. And in some cases, it can reduce withdrawal symptoms.²⁶ Other research from the Journal of the American Medical Association shows that some patients have turned to the safer option of marijuana as an alternative to the painkillers, such as opioids, that are often abused. In places where medical marijuana is legal, there has been a reduction in overdose deaths of 25%.²⁷ The legalization of adult-use marijuana in Colorado led to a drop in opioid-related deaths by more than 6.5% two years after recreational marijuana was legalized. This was the first study showing legalization of recreational marijuana leads to decreases in opioid-related deaths.²⁸ Considering Pennsylvania’s problem with opioid use and overdoses, legalization of marijuana could potentially be one tool to help curb this problem.

Legalization can have public health benefits as well, bringing marijuana out of the shadows and into a legal, regulated market. Because marijuana is not regulated, the product can be laced with other, more dangerous products as is suspected in the current bout of vaping illnesses. State regulation can help ensure the safety of the product.

25 Drug Policy Alliance. 2017. “Debunking the ‘Gateway’ Myth: The vast majority of people who use marijuana do not go on to use other illicit drugs.” Drug Policy Alliance. September 2017. Accessed at: http://smart-ny.com/wp-content/uploads/2017/11/DPA_Fact-Sheet_Debunking_Gateway_Myth_9.14.2017.pdf.

26 Drug Policy Alliance, 2017. “Debunking the ‘Gateway’ Myth: The vast majority of people who use marijuana do not go on to use other illicit drugs.” Drug Policy Alliance. September 2017. Accessed at: http://smart-ny.com/wp-content/uploads/2017/11/DPA_Fact-Sheet_Debunking_Gateway_Myth_9.14.2017.pdf; Philippe Lucas. 2019. “Medical cannabis patterns of use and substitution for opioids and other pharmaceutical drugs, alcohol, and illicit substances; results from a cross-sectional survey of authorized patients.” Harm Reduction Journal, January 28, 2019, 16:9. Accessed at: <https://harmreductionjournal.biomedcentral.com/articles/10.1186/s12954-019-0278-6>; Sessi Kuwabara Blanchard. 2019. “Sure, Cannabis is a ‘Gateway Drug’ – Leading Toward Less Use of Other Drugs.” Filter Mag. February 7, 2019. Accessed at: <https://filtermag.org/2019/02/07/sure-cannabis-is-a-gateway-drug-towards-less-drug-use/>.

27 Drug Policy Alliance. 2018. “Marijuana and Opioids.” Drug Policy Alliance. March 2018. Accessed at: http://smart-ny.com/wp-content/uploads/2018/03/StartSMART_DPA_Marijuana_Opioids_3.15.2018.pdf.

28 Christopher Ingraham. “2017. “Legal marijuana is saving lives in Colorado, study finds.” The Washington Post. October 16, 2017. Accessed at: https://www.washingtonpost.com/news/wonk/wp/2017/10/16/legal-marijuana-is-saving-lives-in-colorado-study-finds/?utm_term=.2991b3f435a9; Jeffery Stamberger. “Cannabis Legalization Leads to Fewer Opioid Deaths, According to New Research.” Medical Marijuana News. Accessed at: <https://news.medicalmarijuanainc.com/cannabis-legalization-leads-fewer-opioid-deaths-according-new-research/>.

How Could Marijuana Legalization Be Structured in Pennsylvania?

There are many ways legalizing adult-use cannabis can be rolled out in PA—one option is to use the existing state wine and spirit stores system for distribution. Using this existing infrastructure would be beneficial in several ways. Pennsylvania's state-owned liquor stores have well-trained, well-paid staff who have experience selling controlled substances and ensuring that young people do not get access to the product. The Pennsylvania Liquor Control Board is the state's seller of wines and spirits; it regulates the alcohol industry in the state and promotes and educates around responsible drinking. The Pennsylvania Liquor Control Board (PLCB) spends significant resources on alcohol education prevention, alcohol education programs on colleges and universities across the state, Department of Health drug and alcohol programs, and alcohol enforcement of the state police. And whereas private liquor stores advertise in a way that encourages alcohol use, PLCB stores limit advertising for alcohol, and would do so for marijuana as well.

If state-owned liquor stores were to take on the task of cannabis distribution, these programs could expand to ensure the state has the best public education and community partnerships than any other state in terms of cannabis education. Having state-owned liquor stores take on the task of selling marijuana would provide the public with safety assurances that might be more difficult if managed and carried out by a variety of private individuals.

Wine and spirit stores are also strategically placed across the state to ensure individuals living in all parts of the state don't have to travel too far to have access to the product and that some areas are not overly saturated with the product. This existing infrastructure already exists which would limit costs.

Employees at state-owned liquor stores make a good living, have access to a pension and have thorough workplace training and opportunities to advance. If these stores were to also sell cannabis, additional jobs would be available and individuals previously harmed by the drug war could get preference for hiring, which would have a restorative effect.

Selling marijuana through the PLCB system would also ensure that this new product and the market for it is developed slowly, not just to ensure that marijuana use does not accelerate but also to ensure that the market does not expand too rapidly and then crash.

Using the state-owned liquor stores to sell marijuana has another potential advantage: it would maximize state revenues. Pennsylvania generates far more revenue from alcohol sales than other states because of the PLCB which returns revenue to the state in two ways. The first is the profits of the PLCB system. The second is that the PLCB allows Pennsylvania to tax liquor at far higher rates than other states. Because the PLCB is an integrated wholesale-retail system, the profits it generates are lower than profits taken by liquor wholesalers and retailers in other states. And that enables the state liquor tax to be higher than in other states, without liquor

prices also being higher.²⁹ It is too soon to know what tax rate surrounding states will set when they legalize the sale of marijuana, so we can't estimate how much more revenue we might raise in Pennsylvania because we use the PLCB stores to sell it. But at some point the PLCB system will allow Pennsylvania to generate more revenue from marijuana sales than other states.

The transition from illegal markets to legal markets comes with the danger that the legal marijuana industry will be taken over by big business. Pennsylvania should take proactive steps to encourage the growth of small businesses in the area of marijuana production. This can be done by keeping licensing and application fees reasonable; establishing a license structure that allows for a variety of business structures and entry points for start-ups; limiting vertical integration; create micro-licensing programs similar to the micro-brew model; creating a home cultivation provision; and limiting felony restrictions for participation in the industry. Workforce development funding can also help train individuals harmed by the drug war for productive and good paying jobs in the legal marijuana industry.³⁰ The state should encourage and prioritize minority-owned small businesses seeking to get involved in the legal cannabis industry and then provide support. One way to ensure that this happens is to use the PLCB system's wholesale operation to purchase marijuana from small and minority owned producers in the state.

29 A brief introduction to how the PLCB generates revenue for Pennsylvania can be found at Marc Stier, A Teachable Moment in the PLCB Debate, Pennsylvania Budget and Policy Center, April 5, 2017. Accessed at https://www.krc-pbpc.org/research_publication/a-teachable-moment-in-the-plcb-debate/.

30 Drug Policy Alliance. 2018. "Ending Marijuana Prohibition: Impact of Legalization on Border States and Implications for New York." Drug Policy Alliance. January 2018. Accessed at: http://smart-ny.com/wp-content/uploads/2018/01/StartSMART_DPA_Ending_Impact_Marijuana_Legalization_Border_States-1.16.2018-rev.pdf.

Conclusion

Support for the legalization of adult-use cannabis has been growing in Pennsylvania and across the country. One of the latest polls conducted in Pennsylvania, released in March 2019, showed that the majority of Pennsylvanians support legalizing adult use (59%).³¹ This was a slight increase from two years ago (May 2017) when support had tipped in favor (56%) of legalization compared to a poll two years prior to that (with just 40% in favor).³² Public opinion on marijuana legalization has changed rapidly—a little more than a decade ago, support for legalization was only 22% among voters in Pennsylvania.³³ Nationally, support for legalization is now at 66%, according to an October 2018 Gallup poll.³⁴

While public support for this policy change is critical and has swung towards majority support in the last few years, the fact that the legalization of adult-use cannabis would have significant benefits is even more important. Legalizing cannabis would create job opportunities, advance social and economic justice, reduce incarceration rates and criminal justice costs (and other related social costs); and generate substantial revenues to our state.



31 Center for Opinion Research, Floyd Institute for Public Policy, Franklin and Marshall College. 2019. "Franklin and Marshall College Poll: Summary of Findings." March 2019. Accessed at: <https://www.fandm.edu/uploads/files/503040077590675717-f-m-poll-release-march-2019.pdf>.

32 Thomas Fitzgerald. 2017. "Pa. voters' view on marijuana: Legalize it, dude." The Inquirer. May 11, 2017. Accessed at: <https://www.philly.com/philly/news/politics/state/Pennsylvania-voters-legalize-marijuana-poll.html#loaded>.

33 Ron Southwick. 2019. "Majority in Pa. say marijuana should be legal: F&M Poll." PennLive. March 28, 2019." Accessed at: <https://www.pennlive.com/news/2019/03/majority-in-pa-say-marijuana-should-be-legal-fm-poll.html>.

34 Justin McCarthy. 2018. "Two in Three Americans Now Support Legalizing Marijuana." Gallup. October 22, 2018. Accessed at: <https://news.gallup.com/poll/243908/two-three-americans-support-legalizing-marijuana.aspx>.