



DRUG POLICY RESEARCH CENTER

ASSESSING MARIJUANA LEGALIZATION IN VERMONT

MOTIVATION. The marijuana policy landscape is changing rapidly. In November 2012 voters in Colorado and Washington State passed ballot initiatives to remove the prohibition on the commercial production, distribution, and possession of marijuana. These changes are unprecedented; no modern country—not even the Netherlands—has ever removed the prohibition on large-scale commercial production and distribution for general (non-medical) purposes. While all marijuana related activity remains illegal under federal law, for now the U.S. Department of Justice has decided not to block legalization efforts in states with “strong and effective regulatory and enforcement systems.” This federal approach is leading other states to consider whether they should change their marijuana laws.

On May 27, 2014, Vermont Governor Shumlin signed a bill into law requiring the Secretary of Administration to produce a report about the consequences of legalizing marijuana:

S.247

Sec. 8a. TAXATION AND REGULATION OF MARIJUANA; REPORT

On or before January 15, 2015, the Secretary of Administration shall report to the General Assembly regarding the taxation and regulation of marijuana in Vermont. The report shall analyze:

- (1) The possible taxing systems for the sale of marijuana in Vermont, including sales and use taxes and excise taxes, and the potential revenue each may raise;*
- (2) Any savings or costs to the State that would result from regulating marijuana; and*
- (3) The experiences of other states with regulating and taxing marijuana.*

The Secretary of Administration indicated he would like researchers affiliated with the RAND Drug Policy Research Center to conduct this study on behalf of the State of Vermont. The new law did not dedicate funds for this study, but the Secretary was able to secure \$20,000 to offset some of the study costs.

While parts of this study will obviously be tailored to Vermont, we expect the insights and results will also be useful to policy makers and voters in other jurisdictions that are considering alternatives to marijuana prohibition.

RESEARCH TEAM. The proposed multi-disciplinary team has collectively spent over 100 years researching and analyzing marijuana and marijuana policy. The team will be led by **Dr. Beau Kilmer** (PhD in Public Policy, Harvard University) who is a Senior Policy Researcher at the RAND Corporation, Co-Director of the RAND Drug Policy

Research Center, and Professor at Pardee RAND Graduate School. Most recently he has conducted marijuana-related research projects for the White House Office of National Drug Control Policy, European Commission, Washington State Liquor Control Board, and Dutch Ministry of Security and Justice. He is also serving as an evaluation advisor for Uruguay’s Junta Nacional de Drogas. Other team members include: **Dr. Jonathan Caulkins** (PhD in Operations Research, MIT), H. Guyford Stever Professorship of Operations Research and Public Policy at Carnegie Mellon University. **Dr. Mark Kleiman** (PhD in Public Policy, Harvard University), Professor of Public Policy at UCLA and CEO of BOTEK Analysis Corporation. **Dr. Robert MacCoun** (PhD in Social Psychology, Michigan State University), Professor of Public Policy and Law at UC Berkeley. **Dr. Rosalie Liccardo Pacula** (PhD in Economics, Duke University), Senior Economist at the RAND Corporation, Co-Director of the RAND Drug Policy Research Center, Professor at Pardee RAND Graduate School, and Director of RAND Health’s Program on Economics, Finance, and Organization. **Dr. Peter Reuter** (PhD in Economics, Yale University), Professor of Criminology and Public Policy at the University of Maryland and founder of the RAND Drug Policy Research Center.

TIMELINE. The report will be submitted to the General Assembly by January 15, 2015 and it will need to undergo RAND’s rigorous peer review process. Thus, we expect most of the heavy lifting on this project to occur between August and November.

MAIN TASKS		J	A	S	O	N	D	J
1	Estimate size of VT's MJ market in 2014 (No primary data collection)							
2	Describe industry structures & taxing systems for the sale of MJ in Vermont							
3	Estimate enforcement/regulatory costs of prohibition & other systems							
4	Update parameters and conduct revenue/consumption simulations							
5	Progress report on tax and regulate in CO, WA, & Uruguay							
6	Compile report and submit to RAND Quality Assurance							
7	Address reviews, complete report, edit, format, publish, & distribute report							
8	Travel to and within Vermont							

BUDGET: \$123,000.