

# FEDERAL INTERFERENCE IN STATE LAW

## COSTS CALIFORNIA MILLIONS OF DOLLARS IN SALES TAX REVENUE

### BACKGROUND:

In 2004, with the adoption of the Medical Marijuana Program Act, the California legislature recognized the need for patients to cultivate and obtain their medicine collectively. Then, in 2005, the state appellate court ruled in *People v. Urziceanu* that medical cannabis dispensing collectives (or dispensaries) are now fully recognized as legal under state law. Indeed, dozens of California cities and counties have already adopted ordinances regulating these facilities.

The vast majority of California's estimated 250,000 qualified patients are not able to cultivate medical marijuana themselves or find a primary caregiver to grow it for them. These patients have come to rely on dispensaries for safe and reliable access to medical cannabis to treat the symptoms of AIDS, cancer, multiple sclerosis, and other serious illnesses. Dispensaries are typically storefront facilities that provide medicine and other services to registered members, whose legal status has been verified by their doctors.

### RAIDS AND THREATS OF ASSET FORFEITURE

Despite the extensive evidence of marijuana's medical efficacy, the federal government continues to ignore and refute the research. In another set back for patients, the U.S. Supreme Court ruled in *Gonzales v. Raich* in June 2005 that it had the authority to arrest and prosecute medical marijuana patients and providers. Ever since that decision, the Drug Enforcement Administration (DEA) has been conducting raids, forcing the closure of more than 100 facilities. The latest tactic of the DEA is to threaten landlords with criminal prosecution and asset forfeiture if they continue to lease to dispensaries. This intimidation tactic has resulted in dozens of more closures.

### DEA RAIDS IMPACT SALES TAX REVENUE

Until recently, the fiscal impact of the federal government's interference in the implementation of state law was unclear. However, in October 2005, the California Board of Equalization (BoE) established a policy to tax the sale of medical cannabis at an estimated four hundred dispensaries statewide. This source of sales tax revenue provided by an emerging health care field represents millions of dollars annually for the state. ***In fact, in 2007, more than \$100 million in sales tax was collected by these facilities and provided to the state.*** However, continued interference from the DEA threatens that revenue and denies California taxpayers a way out of their fiscal crisis in Sacramento.

### ENDING DEA INTERFERENCE IN CALIFORNIA

From these sales tax revenue numbers, it is clear that the state stands to lose significant funds if the DEA continues its interference. Because California should protect safe access to medical marijuana and because we cannot afford to lose substantial revenue such as this, state officials would do well to defend dispensaries from federal interference. We welcome the efforts of State Senator Carole Migden to pass Senate Joint Resolution 20, calling on the DEA to end its harmful tactics in California, in order to preserve this revenue source and prevent the hardship that a loss of safe access represents to seriously ill Californians.

Medical cannabis advocates and providers call on state officials to support SJR 20 and other measures that would protect safe access to medical marijuana. Furthermore, advocates call on Governor Arnold Schwarzenegger to take immediate and decisive action to help end the federal interference in California's medical cannabis program.