



The *new* face of Big Tobacco

Say NO to Big Marijuana in New Zealand

Same corporates.
Same objectives.
Same addiction.
New product.



SOCIAL COST vs TAX

The myth pushed internationally by drug advocates is, 'Let's tax it and use the money to provide addiction services and build schools and hospitals and houses and (insert a great cause here)...'. It sounds attractive, but rarely eventuates.

Drug supporters and the marijuana industry are quick to overestimate large amounts of revenue from marijuana sales, but underestimate the societal costs of legalisation.

Societal costs not referred to or underestimated by drug supporters include: **greater other drug use, greater marijuana use among underage students, property and other economic damage, controlling an expanded black market, public intoxication, and other burdens.** Legalisation also results in administrative and enforcement costs, similar to alcohol regulation.



A study released in November 2018 on the actual impact of marijuana legalisation in Colorado found that **for every \$1 in tax revenue from marijuana, the state spends \$4.50 as a result of the effects of the consequences of legalisation.** Costs related to the healthcare system and from high school drop-outs are the largest cost contributors.

Our experience with alcohol and tobacco has already warned us that tax revenue from marijuana sales will fall well short of the costs. A report published by the Ministry of Health in 2016 estimated that the total cost of **smoking** to New Zealand's health and welfare systems was \$2.5 billion in 2014. Tobacco excise tax currently raises approximately \$1.5 billion gross per year. **Alcohol-related harm** in New Zealand has been recently estimated to cost approx. \$5 billion per year. Excise tax revenue from alcohol in 2016 was \$661 million.

"The tax revenue collected from alcohol pales in comparison to the costs associated with it... Tobacco also does not carry its economic weight when we tax it... It is clear that the social costs of legalising marijuana would outweigh any possible tax that could be levied... That number would only increase under legalisation because of increased use."

Gil Kerlikowske, President Obama's Drug Czar (2010)

Will cannabis users suddenly line up to pay for a now-taxed product? A report by the *Washington Post* last year argued that high taxes on legal marijuana in **California** had the potential to turn many consumers away from the state's cannabis shops and toward the black market. **Colorado, Oregon and Washington** all reduced tax rates after the commencement of legalisation to shift customers back toward the legal market.

Drug dealers and other criminals who derive huge profits from the drug trade will not cease criminal activity in the face of legalisation. The costs of regulating and then policing that industry will only compound the costs of policing the illegal market, as seen in Colorado.

Alongside SmokeFree2025, **DrugFree2025** should also be our goal.

"The perfect day will be when we don't collect a cent from tobacco tax because nobody is smoking."

Helen Clark – former PM

For additional information, including source references:
SayNopeToDope.org.nz/social-costs-v-tax

Correct as at time of printing. We welcome any documented corrections.