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IMPORTANT INFORMATION BULLETIN

1 message

New Jersey Conference of Mayors <njcm@njcm.org>

Wed, Sep 19, 2018 at 1:56 PM

Reply-To: njcm@njcm.org

To: pboccio@greenbrooktwp.org

**IMPORTANT INFORMATION BULLETIN****Update on Legalization of Marijuana Legislation
(Marijuana Legalization: Opt-In/Opt-Out, Local Option Tax)****(SUPPORT NEEDED FOR 5% LOCAL OPTION TAX)**

Recent reports indicate that a bill to expand the states medical marijuana program would move very soon, concurrently with an adult recreational use bill.

The Governor, Senate President and Assembly Speaker have indicated their support of the legalization of recreational marijuana use. While a consensus bill has not yet been introduced there are reports that municipalities would have an opportunity to exercise an "Opt Out" provision to the legislation.

It has been reported that amongst other provisions there is a consensus of the following, among those Legislators who support this legislation.

- For those who "Opt-In" a local option tax of up to 2% to be retained by the host municipality.
- Automatic eligibilty for those convicted of marijuana possession for expungement of that criminal record via the expungement process.
- An estimated total tax on the industry of up to 25% (10% proposed by some legislators; 25% proposed by administration) not including the local option tax (up to 2%)

The New Jersey Conference of Mayors, the League of Municipalities, and the Urban Mayors Association had indicated to the prime Senate sponsor, Senator Scutari the following comments and recommendations (in August):

We stated that all three organizations are generally supportive of the expansion of medical marijuana and decriminalization, but are not prepared to support the current legislative proposals for the legalization of recreational marijuana. But if such a bill advances there should be provisions that support and protect the interest of New Jersey's municipalities. In doing so, we offered a number of recommendations, including:

- Any legislation authorize municipalities to implement a local excise tax of up to 5% on any or all of the four proposed licenses;
- Licensees should be required, as a condition of the license, to enter into a host benefit agreement with the municipality. This would be similar to the model used in Massachusetts;
- There should be a mechanism in place to verify that the revenues collected as a result of a local excise tax are being returned appropriately to the host municipality;
- Licensees should also be subject to any local license or mercantile fees, as would be the case with any other business.

Of revenues collected by the state, we further suggest the following:

- Portions of this funding be dedicated for specific purposes to assistant local law and health enforcement and public safety, including funding for Drug Recognition Experts (DREs); and,
- The development of a statewide DUI protocol.

As noted above, the Legislative sponsors, according to press reports, are in agreement on a 2% local option tax. A municipality which chooses to opt-in should be assured that revenues will offset the costs of enforcement. Otherwise other taxpayers in the community will subsidize the industry. Based on our discussions with Mayors and with our fellow Leagues in states that have legalized marijuana, it is our belief that 2% is insufficient to offset costs and is an incentive for municipalities to opt-out. Enforcement will fall almost entirely on municipal governments, which will need to absorb costs associated with law and code enforcement, health services, education and social services.

We urge you to contact your Legislators and ask that if they support legalization, to also support a 5% local option tax.

IMPORTANT

Please take immediate action and talk to your Legislators on this issue now and let them know how you feel. There are issues apparent in any legislation that would legalize the recreational use of marijuana that would impact all municipalities regardless of whether you would opt-in or opt-out. So no matter your position on the issue, please advise your Legislators of the concerns and recommendations covered in this correspondence. In particular, it is critical to communicate that the suggested 2% option tax is insufficient and should be changed so that municipalities can choose to implement a 5% tax.

As negotiations continue in the legislature regarding this legislation Mayors will be informed of any substantial changes.

Regards,
NJCM

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