From:	Pat Oglesby
To:	DeJong Annola
Subject:	HB 3371
Date:	Sunday, March 31, 2013 1:51:16 PM
Attachments:	HB 3371 Pat Oglesby Comments March 31, 2013

Please find below (and reproduced in the attachment) comments on HB 3371, especially revenue aspects.

Thank you.

Dear Members of the Judiciary Committee:

On behalf of the Center for New Revenue, a North Carolina non-profit, I offer these comments on HB 3371.

1. Any dollar rate, like the $35 tax rate in the bill, should be indexed for inflation.

2. Tax rates (and maybe license fees) need to be flexible to surmount competition from the illegal sector. Letting the Oregon Liquor Control Commission change tax rates from time to time might provide the necessary nimbleness.

3. A monopoly can offer more control and more revenue than a private industry model. The monopoly proposed in last year's Measure 80 would have ceded control to a board dominated by the industry – not good policy, I suggest.

There's much more in these articles:

Overview and list of issues: "Laws To Tax Marijuana," 59 *State Tax Notes* 251-280 (January 24, 2011), online at http://ssrn.com/abstract=1741735. The online version above has a Table of Contents that the print version lacks: *State Tax Notes* has a policy against printing Tables of Contents, but here is the original Table-less printed version: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2214910

> Micro look at 2012 initiatives with attention to revenue effects and possible Federal reaction: "Gangs, Ganjapreneurs, or Government: Marijuana Revenue up for Grabs," 66 *State Tax Notes* 255-269 (October 22, 2012), online at http://ssrn.com/abstract=2165864.

My best wishes to you as you grapple with these difficult issues.

Yours,

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