

Is there any financial merit in approving commercialization of pot?

We have heard a great many arguments about the financial benefits to the Borough and State from the commercialization of pot. Is there any truth to these claims? Let's take a look at the numbers.

We do have very good numbers from which to assess the merits or demerits of pot commercialization.

"In 2009, the National Survey on Drug Abuse and Health estimated that 9.5% of Alaska's population age 12 and older (55,700 residents) were dependent on or abusing alcohol or drugs. **Costs** to our Alaska economy in 2010 totaled **\$1.2 billion**. **Costs** by category include:

- \$673.2 million in productivity losses,
- \$50.5 million in traffic crash costs,
- \$217.7 million in criminal justice and protective services,
- \$237.3 million in health care, and
- \$13.2 million in public assistance and social services.
- \$1,191,900,000 total = **\$1.2 billion**"¹

What revenue has been generated?

- \$73,759,508 earnings revenue due to alcohol sales-related economic activity in Alaska, 2010
- \$38,756,760 tax revenue due to alcohol sales-related economic activity in Alaska, 2010
- -----
- \$112,516,268 total = \$112.5 million total revenue generated²

What percentage of the alcohol and drug costs does the total revenue generated recover?

- \$112,516,268 = revenue
- ----- = 0.094 = **less than 10%** !
- \$1,191,900,000 = cost

Let's give Colorado the benefit of the doubt and assume they will generate pot related revenue = \$100 million per year. Let us also assume that we in Alaska will generate the same amount of revenue per capita.

Does this additional revenue justify commercialization?

- 710,231 = 2010 Alaska population
- ----- x \$100 million = \$14 million
- 5,029,196 = 2010 Colorado population

So based on Colorado's experience, we may generate an additional \$14 million of revenue.

Let's add that revenue onto our 2010 revenue:

- \$112,516,268 = total 2010 Alaska revenue

¹ Page 1 of 'The Economic Costs of Alcohol and Other Drug Abuse in Alaska, 2012 Update' prepared for the 'Alaska Mental Health Board' & the 'Advisory Board on Alcoholism and Drug Abuse' by the Research Based Consulting McDowell group.

² Ibid. Table 26, page 53

- \$14,000,000 = projected Alaska pot revenue
- \$126,516,268 = total alcohol and pot revenue

What percentage of cost is this revenue?

- \$126,516,268 = revenue
- ----- = 0.106 = **a little over 10% !**
- \$1,191,900,000 = cost

Even having made the naive assumption of no increase in costs due to pot, the **cost** to our culture due to alcohol and drugs is **ten times** any revenue generated!

How can any of us in Kenai Borough leadership, with any kind of conscientiousness, impose this kind of taxation upon our constituency?

I call it ‘Phase Lag’ taxation. It is the taxation that ‘lags’ the perceived merit of foolish legislation. So, is there any merit in approving commercialization of pot? None what-so-ever!

 What about our Kenai Peninsula Borough School Budget?

“The Kenai Peninsula Borough School District is continuing to expand and evolve outreach for students diagnosed with Fetal Alcohol Spectrum Disorders – FASD.”³

Alcohol and its abuse have been with us for a long time. Yet look at the ‘Phase Lag’ taxation that it continues to impose upon our Kenai Peninsula Borough School Budget! It needs to register with us in leadership responsibility that this ‘Phase Lag’ tax is still growing after all these decades and that it grows non-linearly!

What will this ‘Phase Lag’ tax do if we approve commercialization of pot?

“Most troubling are reports from Colorado Children’s Hospital in Denver which reports that in the first 7 months of this year (2014) they received 13 children, most aged 3 and under, who were suffering from marijuana poisoning.”⁴

“Heavy marijuana users had different brain shapes and lower IQ’s than non-smokers in a newly published study, suggesting a potential danger to young people who abuse the drug.”⁵

Clearly this one-teacher-to-one-student ‘Phase Lag’ education expense will only increase dramatically with the commercialization of pot. The other severely missed characteristic of ‘Phase Lag’ taxation is that it is always increasing long after the enacting legislation!

 Economic Development: clearly, we in the Kenai Borough are in competition with all other Borough’s in the Alaska, as well as outside for industrial development.

Clearly, those Borough’s with:

- the least expensive energy,
- a sober and
- trained work force

³ ‘School District implements training, curriculum for FASD’, by Kelly Sullivan, Peninsula Clarion, January 12, 2015.

⁴ ‘Potential for marijuana edibles a danger for kids’, by Kalie Klaysmat, Peninsula Clarion 10/23/2014.

⁵ ‘Marijuana seen changing brain behavior in young users’ by Kelly Gilblom, Anchorage Dispatch 11/13/2014.

- are going to be the most successful at Economic Development.

Why then, do we in leadership want to approve the poisoning of our young people, the very basis of our families and workforce?
