

California Proposition 64, Marijuana Legalization (2016)

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California Proposition 64, the California Marijuana Legalization Initiative, made it legal for individuals to use and grow marijuana for personal use on November 9, 2016. However, the sale and subsequent taxation of recreational marijuana will not go into effect until January 1, 2018.

How will marijuana be taxed?

Proposition 64 created two new excise taxes on marijuana. One is be a cultivation tax of \$9.25 per ounce for flowers and \$2.75 per ounce for leaves, with exceptions for certain medical marijuana sales and cultivation. The second is a 15 percent tax on the retail price of marijuana. Taxes will be adjusted for inflation starting in 2020. Local governments have been authorized to levy taxes on marijuana as well.

Where will revenue be spent?

Revenue from the two taxes will be deposited in a new California Marijuana Tax Fund. First, the revenue will be used to cover costs of administrating and enforcing the measure. Next, it will be distributed to drug research, treatment, and enforcement, including:

- \$2 million per year to the UC San Diego Center for Medical Cannabis Research to study medical marijuana.
- \$10 million per year for 11 years for public California universities to research and evaluate the implementation and impact of Proposition 64. Researchers would make policy-change recommendations to the California Legislature and California Governor.
- \$3 million annually for five years to the Department of the California Highway Patrol for developing protocols to determine whether a vehicle driver is impaired due to marijuana consumption.
- \$10 million, increasing each year by \$10 million until settling at \$50 million in 2022, for grants to local health departments and community-based nonprofits supporting "job placement, mental health treatment, substance use disorder treatment, system navigation services, legal services to address barriers to reentry, and linkages to medical care for communities disproportionately affected by past federal and state drug policies."

The remaining revenue will be distributed as follows:

- 60 percent to youth programs, including drug education, prevention, and treatment.
- 20 percent to prevent and alleviate environmental damage from illegal marijuana producers.
- 20 percent to programs designed to reduce driving under the influence of marijuana and a grant program designed to reduce negative impacts on health or safety resulting from the proposition.