Although the Presidential election drew most of the attention in November of 2016, there were several other important decisions made at the polls as well: notably, several states held votes to determine the future of the legal cannabis industry in one form or another. Taking a leaf out of Colorado or Washington’s book, four states—California, Nevada, Massachusetts and Maine—decided to make marijuana consumption for recreational purposes legal. Florida, Arkansas and North Dakota voted to allow medical marijuana while Arizona defeated that move. All told, more and more states are
moving to legalize marijuana (whether for medicinal or recreational use, or both), and the impact has already been tremendous. The legal changes have spawned a burgeoning industry of legal cannabis companies, including those which aim to research and develop cannabis-based medical products, those which are working to distribute and grow marijuana, and many others. All told, more than half of U.S. states have medical marijuana laws on the books, and nine states have legalized certain quantities of marijuana for recreational use as well.
The economic benefits of legalizing weed have already been apparent as the first states have moved to change their legal positions. Overall, legal marijuana could mean a big push for state economies and big bucks for both the state and the federal governments. Below, we'll explore some of the key economic benefits of legal marijuana.
KEY TAKEAWAYS

- There has been a growing popular movement in the United States to legalize marijuana for medicinal and recreational uses, with several states adopting such measures already.
- One motivation for legalization is the economic benefits that can come from the regulated commercial availability of marijuana.
Impact on Tax Revenue

Better than expected sales of marijuana in Colorado and Washington over the past several years have resulted in buoyant tax revenues. In 2015, Colorado collected more than $135 million in taxes and fees on medical and recreational marijuana. Sales in the state totaled over $996 million. Sales in North America grew 30%, to $6.7 billion, in 2016, and is projected to increase to $20.1 billion by 2021, according to Arcview Market Research. Local research supports this view as well; a report from the Colorado State University-Pueblo's Institute of Cannabis Research recently found that the legal cannabis industry has contributed more than $58 million to the local economy, primarily through taxes and other fees. Should marijuana become legal on a federal level, the benefits to the economy could be exceptional: a report from cannabis analytics company New Frontier suggests that federally legal pot could generate an additional $131.8 billion in aggregate federal tax revenue by 2025.

- Increased tax revenues, job growth, and investment opportunities all are powerful incentives to push for legalization.
That is the carrot that dangled before many states. California, which is much larger in size and population than Colorado, could exceed $15 billion in sales revenue and $3 billion in tax revenue, according to an April 2016 study by ICF International. A special senate committee in Massachusetts estimated tax revenues from marijuana sales in the range of $50-60 million. (See also: What Will Jeff Sessions Mean for the Marijuana Industry?)

Income and Jobs
Setting up marijuana nurseries and dispensaries would be the first step for the states that voted in favor of medical marijuana. These would not only create jobs but also set the ball rolling for economic activity in the pot industry in these areas. In the case of states like California and Nevada where such infrastructure already exists, the economic impact has become more quantifiable as the sector has matured.
A RCG Economics and Marijuana Policy Group study on Nevada says that legalizing recreational marijuana in the state could support over 41,000 jobs till 2024 and generate over $1.7 billion in labor income. The ICF study estimates at least 81,000 additional direct, indirect and induced jobs in California as a result of legalized marijuana sales. It also projects an increase in total labor income by at least $3.5 billion.
New Frontier's report predicting the impact of federally legal marijuana suggests that nationwide legalization could generate 1.1 million jobs by 2025. These jobs would likely come from the quickly growing industry which would spring up across the nation. Workers would be needed to farm, process, distribute, and sell marijuana-based products. Further, there would be ample opportunities for secondary industries which were related
to legal cannabis although not directly involved in its production and distribution. These might include software developers, financing services, construction companies, and many others.

**Investment Opportunities**

Legal marijuana presents the possibility of tremendous benefits to economies on a local and a national scale. It also could help to secure the investment portfolios of investors across the country and further afield as well. While marijuana remains illegal on the federal level, it is difficult for investors to capitalize on the growth of the industry. The number of marijuana-related companies trading on public stock exchanges is miniscule, and while investors do have the option of working with over-the-counter exchanges, many of the most successful businesses in the early legal cannabis space have been based in Canada or other countries.

Should marijuana become legal on the national level, marijuana companies would be free to list their stocks on all U.S. exchanges, thereby enhancing liquidity and opening up access to many more investors. Should the growth rates for the cannabis space continue as they have in recent years, it's likely that investors would express a keen interest in the industry.

**Saved Money**

When considering the economic benefits of legal marijuana, it's important to think of the money that might be saved as well as revenue that could be generated through such a process. Currently, federal marijuana enforcement costs several billion dollars per year. A 2013 report by the American Civil Liberties Union found that the costs at that time were approximately $3.6 billion per year. The more states that legalize cannabis,
the lower the cost of enforcement would likely be; if marijuana were to be legalized on a national level, these costs would likely drop considerably. If marijuana were removed from the list of controlled substances, far fewer court cases involving the substance would go to trial, resulting in fewer incarcerations, and, in turn, more money saved.

Legalized marijuana also stands to benefit medical consumers of cannabis-based products. As marijuana becomes legal in more and more parts of the country, it's likely that the price will drop overall as a result of commoditization. This may not immediately seem like good news for overall tax revenue or for marijuana companies looking to maximize profits. However, individuals utilizing marijuana-based products for medical treatment would stand to benefit considerably from lower prices for these items.

**Bottom Line**
There is ample pushback against the idea of legalizing marijuana across the country. Critics cite the potential for confusion among law enforcement officers aiming to keep up with shifting regulations, a concern about increased homelessness or youth use of the drug, the potential for decreased property values, and much more. Some are opposed to changing the regulatory status of marijuana simply because it means a change to the status quo. All of these reasons combine to decrease the likelihood that marijuana will become legal at a national level any time soon. However, as more and more states move to individually decriminalize pot use in various ways, and as the economic benefits of a legal marijuana industry take effect, there are also many compelling reasons to consider nationwide legalization.
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