

Calif. taxes on legal pot could boost black market

By Patrick McGreevy, Los Angeles Times

State and local taxes on marijuana could surpass 45 percent in some parts of California, jeopardizing efforts to bring all growers and sellers into a state-licensed market in January, according to the global credit ratings firm Fitch Ratings.

“High tax rates raise prices in legal markets, reinforcing the price advantage of black markets,” the firm said in a report Monday. “California’s black markets for cannabis were well established long before its voters legalized cannabis in November 2016 and are expected to dominate post-legalization production.”

The report said that increased enforcement may blunt the illegal market, “but high taxes may complicate such efforts by diverting in-state sales to the black market.”

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