



Happy 420!

BY JEFF VONKAENEL / jeffv@newsreview.com

Happy national "Weed Day" and welcome to our annual Sacramento News & Review 420 Issue. This issue always has extra pages and extra distribution, making 420 a happy day for me.

Over the last 10 years, after youthful pothead President Barack Obama said he would deemphasize federal prosecution of medical marijuana, I have had a front row seat to the business of medical cannabis and now legalized marijuana. Our paper has had pages of cannabis ads and we have written hundreds of stories on the magical weed.

I have a few 420 observations.

1. There should be no taxation without bank representation. How can the federal government insist on one hand that marijuana growers, manufacturers and retailers pay their taxes, and then at the same time refuse to let any financial institution handle their business? This creates many problems. It is a hassle to deal with cash, and there are huge security issues for these businesses. Even tax collectors complain about receiving so much cash. California should set up a bank or credit union for the marijuana industry.

2. We shouldn't lose perspective on the size of the marijuana industry. It is estimated that the legal U.S. marijuana market is about \$10 billion a year. That is a lot of money, but compared to other market sectors, the marijuana market is insignificant. U.S. health care spending is \$3.65 trillion. Soft drink sales are almost \$200 billion. Beer sales are \$35 billion, and Budweiser's U.S. sales alone are \$8 billion.

3. The fees and taxes on the legal marijuana industry are too high. Total effective tax rates on retail marijuana range from 37 percent to as much as 50 percent in some parts of California. This is absurd. This high level of taxation makes it very difficult for legal marijuana businesses to compete with the illegal underground

market. The tax burden must be significantly reduced, or the legalized market in California may collapse.

4. People who are in prison for selling or using marijuana should be released immediately.

People who were jailed for doing something the state is now regulating should not rot away in jail, and the community should not have to pay the massive costs to keep them there. People with a marijuana arrest should have their record cleared.

5. Enforcement of drug laws reflects a racist society.

Although the same percentage of whites and blacks use drugs, and there are five times as many whites as blacks in the United States, African Americans account for 35 percent of those arrested for drug possession, 55 percent of those convicted and 74 percent of those who are in prison for drug possession, according to the ACLU. One in three black men between the ages of 20 and 29 is currently either on probation, parole or in prison. The statistics are similar for Latinos.

This is wrong. Fixing this problem will require addressing systemic racism in both law enforcement and the judicial system.

6. The skills for running an illegal business versus a legal business are different. Legalized marijuana businesses are following standard business practices, including labor laws and quality control regulations. As more marijuana sales move above ground, those business owners and managers who are more effective in a traditional business environment will take a larger share of the market, a positive result for both consumers and employees.

Happy 420! □

Jeff vonKaenel is the president, CEO and majority owner of the News & Review.

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HIP HOPPIN' SPECIALS

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Seared Salmon or Ahi Tuna

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EASTER PRIX FIXE MENU \$75

Choice of Entrée: Grilled 20oz
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Halibut or Wild Boar

Reservations at [OpenTable.com](https://www.opentable.com)



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