

From: Peterson, Mary [Mary.Peterson@vermont.gov]
Sent: Thursday, February 04, 2016 9:43 AM
To: Morgan, Candace; Pallito, Andy; Pepper, James
CC: Mousley, Gregg; Sameroff, Rebecca
Subject: RE: Tax budget for Cannabis

Just to give some flavor, there is higher staffing for the legal and compliance than with an ordinary miscellaneous tax. Generally we can function leanly because we are piggybacking on federal returns and enforcement. Here, we would be completely decoupled.

And the cash is a quandary – while it would be nice to wish the problem away, that is unrealistic given the experience of other states. They have gotten down to 30-50% cash over time, but not to normal levels – we take very little cash now, so we have little infrastructure, controls or security in place to handle an influx. The costs we list are conservative compared to the other states.

Thanks to Andrew Stein, who spent a lot of time fleshing out costs with other states, and Gregg, who walked through issues with staff. We will continue working on these numbers.

Let us know if you have any questions.
Mary

From: Morgan, Candace
Sent: Thursday, February 04, 2016 9:34 AM
To: Pallito, Andy <Andy.Pallito@vermont.gov>; Pepper, James <James.Pepper@vermont.gov>
Cc: Mousley, Gregg <Gregg.Mousley@vermont.gov>; Sameroff, Rebecca <Rebecca.Sameroff@vermont.gov>; Peterson, Mary <Mary.Peterson@vermont.gov>
Subject: RE: Tax budget for Cannabis

Andy and Pepper,

Attached is our draft budget for recreational cannabis implementation. It is broken out into the FY in which we would need the appropriation. As Mary mentioned in her initial email, we are assuming at least 30% cash for the first year (which is consistent with the experience in other states).

Let us know if you have any questions!
Candace

From: Pallito, Andy
Sent: Thursday, February 04, 2016 7:58 AM
To: Peterson, Mary <Mary.Peterson@vermont.gov>; Pepper, James <James.Pepper@vermont.gov>
Cc: Morgan, Candace <Candace.Morgan@vermont.gov>; Mousley, Gregg <Gregg.Mousley@vermont.gov>; Sameroff, Rebecca <Rebecca.Sameroff@vermont.gov>
Subject: RE: Tax budget for Cannabis

Please send us whatever you have on this issue.

From: Peterson, Mary

Sent: Thursday, February 04, 2016 6:52 AM

To: Pallito, Andy <Andy.Pallito@vermont.gov>; Pepper, James <James.Pepper@vermont.gov>

Cc: Morgan, Candace <Candace.Morgan@vermont.gov>; Mousley, Gregg <Gregg.Mousley@vermont.gov>; Sameroff, Rebecca <Rebecca.Sameroff@vermont.gov>

Subject: Tax budget for Cannabis

Hi Andy & Pepper:

We were taking a hard look at a budget for Tax to collect the cannabis tax, I understand that you have a meeting with Steve Klein this morning.

Here is our quandry at Tax, which I touched on at the meeting yesterday. Despite Commissioner Donegan's encouragement that there will be full banking available, it would seem prudent for Tax to plan for the current experience of the other states that we will see at least 1/4 of collections in cash. That does present unique (expensive) problems for us to plan around. Basically, where we were landing yesterday was, cash management aside, somewhat higher costs of administration because of the unique legal and audit issues. And then cash management adds a chunk - we would like to do a bit more investigation to see what is reasonable.

Happy to give you our very preliminary worksheet and discuss further.

Mary

Mary Peterson
Commissioner
Vermont Department of Taxes
133 State Street
Montpelier, VT 05633
802-828-3763