The Budgetary Implications of Drug Prohibition

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Executive Summary

- Government prohibition of drugs is the subject of ongoing debate.
- One issue in this debate is the effect of prohibition on government budgets. Prohibition entails direct enforcement costs and prevents taxation of drug production and sale.
- This report examines the budgetary implications of legalizing drugs.
- The report estimates that legalizing drugs would save roughly $48.7 billion per year in government expenditure on enforcement of prohibition. $33.1 billion of this savings would accrue to state and local governments, while $15.6 billion would accrue to the federal government. Approximately $13.7 billion of the savings would results from legalization of marijuana, $22.3 billion from legalization of cocaine and heroin, and $12.8 from legalization of other drugs.
- The report also estimates that drug legalization would yield tax revenue of $34.3 billion annually, assuming legal drugs are taxed at rates comparable to those on alcohol and tobacco. Approximately $6.4 billion of this revenue would result from legalization of marijuana, $23.9 billion from legalization of cocaine and heroin, and $4.0 billion from legalization of other drugs.
- State-by-state breakdowns provide a rough indication of legalization's impacts on state budgets, but these estimates are less reliable than those for the overall economy.
- Whether drug legalization is a desirable policy depends on many factors other than the budgetary impacts discussed here. Rational debate about drug policy should nevertheless consider these budgetary effects.
- The estimates provided here are not definitive estimates of the budgetary implications of a legalized regime for currently illegal drugs. The analysis employs assumptions that plausibly err on the conservative side, but substantial uncertainty remains about the magnitude of the budgetary impacts.

I. Introduction

Government prohibition of drugs is the subject of ongoing debate. Advocates believe prohibition reduces drug trafficking and use, thereby discouraging crime, improving productivity and increasing health. Critics believe prohibition has only modest effects on trafficking and use while causing many of the problems typically attributed to drugs themselves.

One issue in this debate is the effect of drug prohibition on government budgets. Prohibition entails direct enforcement costs, and prohibition prevents taxation of drug production and sale. If drugs were legal, enforcement costs would be negligible and governments could levy taxes on the production and sale of drugs. Thus, government expenditure would decline and tax revenue would increase.

This report estimates the savings in government expenditure and the gains in tax revenue that would result from replacing drug prohibition with a regime in which drugs are legal but taxed and regulated like alcohol and tobacco. The report is not an overall evaluation of drug prohibition; the magnitude of any budgetary impact does not by itself determine the wisdom of prohibition. The costs required to enforce prohibition, and the transfers that occur because income in a prohibited sector is not taxed, are nevertheless relevant to rational discussion of this policy.

The policy change considered in this report—legalization combined with taxation and regulation—is more substantial than decriminalization, which means repealing criminal penalties against possession but retaining them against trafficking. The budgetary implications of legalization exceed those of decriminalization for three reasons.[1] First, legalization eliminates arrests for trafficking in addition to eliminating arrests for possession. Second, legalization saves prosecutorial, judicial, and incarceration expenses; these savings are minimal in the case of decriminalization. Third, legalization allows taxation of drug production and sale.

This report concludes that drug legalization would reduce government expenditure by $48.7 billion annually. Roughly $33.1 billion of this savings would accrue to state and local governments, while roughly $15.6 billion would accrue to the federal government. Approximately $13.7 billion of the

[1] See, for example, the estimates in Miron (2002) versus those in Miron (2003c).

savings would result from legalization of marijuana, $22.3 billion from legalization of cocaine and heroin, and $12.8 from legalization of all other drugs. Legalization would also generate tax revenue of roughly $34.3 billion annually if drugs were taxed at rates comparable to those on alcohol and tobacco. Approximately $6.4 billion of this revenue would result from legalization of marijuana, $23.9 billion from legalization of cocaine and heroin, and $4.0 billion from legalization of all other drugs.

The estimates provided here are not definitive estimates of the budgetary implications of a legalized regime for currently illegal drugs. The analysis employs assumptions that plausibly err on the conservative side, but substantial uncertainty remains about the magnitude of the budgetary impacts. The estimates are therefore ballpark figures that indicate what order of magnitude policymakers should expect from legalization.

The remainder of the report proceeds as follows. Tables 1-3, which follow this page, contain the overall results. Sections II-IV explain the details of the estimation procedures. Section II estimates state and local expenditure on drug prohibition. Section III estimates federal expenditure on drug prohibition. Section IV estimates the tax revenue that would accrue from legalized drugs. Appendix Tables A-G2 provide supporting information.

Table 1: Summary, Expenditures and Revenues from Drug Legalization, Billions 2008 Dollars

		All Drugs	Marijuana	Heroin/Cocaine	Other
Expenditures	**State/Local**	33.1	10.4	14.0	8.9
	Federal	15.6	3.4	8.4	3.9
	Total	48.7	13.7	22.3	12.8
Revenues	**State**	11.5	2.1	8.0	1.3
	Federal	22.9	4.3	16.0	2.7
	Total	34.3	6.4	23.9	4.0

Table 2: State-level Expenditures Attributable to Drug Prohibition, Thousands of 2008 Dollars

State	All Drugs	Marijuana	Heroin/Cocaine	Other
U.S.	33,073,887	10,388,188	13,950,694	8,844,688
Alabama	313,549	100,131	133,908	79,299
Alaska	116,275	34,443	50,595	31,150
Arizona	726,561	233,046	290,269	202,764
Arkansas	228,660	72,495	90,152	65,864
California	6,702,333	1,867,180	2,833,542	2,128,345
Colorado	446,064	145,243	184,037	116,480
Connecticut	419,524	130,534	190,107	98,610
Delaware	135,684	43,920	60,613	31,068
Florida	1,900,918	573,366	880,055	446,197
Georgia	938,005	310,130	390,991	236,293
Hawaii	145,905	46,860	60,251	38,689
Idaho	122,439	38,595	49,173	34,585
Illinois	816,824	235,025	363,444	217,721
Indiana	423,855	137,940	176,734	108,903
Iowa	207,761	70,088	83,663	53,867
Kansas	228,652	77,999	89,987	60,520
Kentucky	353,285	126,689	136,380	90,000
Louisiana	497,331	164,253	208,082	124,681
Maine	89,802	28,988	36,701	24,053
Maryland	754,044	236,791	358,546	158,269
Massachusetts	653,011	197,228	294,967	160,366
Michigan	1,072,759	347,068	454,668	270,310
Minnesota	461,801	158,081	182,288	121,132
Mississippi	198,638	65,774	81,155	51,589
Missouri	429,144	148,004	157,482	123,394
Montana	89,920	28,729	37,181	23,945
Nebraska	138,043	48,801	52,433	36,720
Nevada	329,189	103,775	134,915	90,278
New Hampshire	90,380	31,701	36,244	22,375
New Jersey	1,188,087	369,391	553,112	264,865
New Mexico	224,437	67,030	97,168	60,088
New York	3,098,525	1,113,015	1,175,434	808,277
North Carolina	655,779	219,151	284,089	152,123
North Dakota	42,005	13,757	16,953	11,266
Ohio	1,246,621	400,132	535,000	310,684
Oklahoma	293,826	99,299	113,884	80,455
Oregon	401,440	126,294	160,281	114,604
Pennsylvania	1,360,778	408,624	618,518	332,745
Rhode Island	120,058	40,517	51,863	27,601
South Carolina	300,609	105,957	126,288	68,192
South Dakota	59,553	20,713	23,586	15,212
Tennessee	496,435	166,077	201,224	128,835
Texas	2,054,726	644,477	852,605	556,330
Utah	230,837	68,339	96,451	65,888
Vermont	50,623	16,421	20,376	13,792
Virginia	761,143	245,653	326,930	188,058
Washington	636,733	198,843	252,697	184,764
West Virginia	140,523	43,512	59,689	37,224
Wisconsin	530,635	170,580	223,210	136,472
Wyoming	76,355	24,729	30,972	20,600
D.C.	73,803	22,800	31,801	19,146

Table 3: State Drug Tax Revenue- Population Method, Millions of 2008 Dollars

State	All Drugs	Marijuana	Heroin/Cocaine	Other
U.S.	11,448.31	2,138.47	7,972.56	1,337.28
Alabama	175.87	32.85	122.48	20.54
Alaska	25.89	4.84	18.03	3.02
Arizona	245.22	45.81	170.77	28.64
Arkansas	107.72	20.12	75.02	12.58
California	1,386.64	259.02	965.65	161.97
Colorado	186.34	34.81	129.77	21.77
Connecticut	132.08	24.67	91.98	15.43
Delaware	32.94	6.15	22.94	3.85
Florida	691.44	129.16	481.51	80.77
Georgia	365.39	68.25	254.46	42.68
Hawaii	48.60	9.08	33.84	5.68
Idaho	57.49	10.74	40.03	6.71
Illinois	486.71	90.91	338.94	56.85
Indiana	240.56	44.94	167.53	28.10
Iowa	113.27	21.16	78.88	13.23
Kansas	105.71	19.75	73.62	12.35
Kentucky	161.06	30.08	112.16	18.81
Louisiana	166.40	31.08	115.88	19.44
Maine	49.66	9.28	34.59	5.80
Maryland	212.53	39.70	148.00	24.83
Massachusetts	245.14	45.79	170.71	28.63
Michigan	377.38	70.49	262.80	44.08
Minnesota	196.94	36.79	137.15	23.00
Mississippi	110.86	20.71	77.20	12.95
Missouri	223.02	41.66	155.31	26.05
Montana	36.50	6.82	25.42	4.26
Nebraska	67.28	12.57	46.85	7.86
Nevada	98.09	18.32	68.31	11.46
New Hampshire	49.64	9.27	34.57	5.80
New Jersey	327.55	61.18	228.11	38.26
New Mexico	74.86	13.98	52.13	8.74
New York	735.27	137.34	512.04	85.89
North Carolina	347.92	64.99	242.29	40.64
North Dakota	24.20	4.52	16.85	2.83
Ohio	433.31	80.94	301.75	50.61
Oklahoma	137.41	25.67	95.69	16.05
Oregon	142.98	26.71	99.57	16.70
Pennsylvania	469.61	87.72	327.03	54.86
Rhode Island	39.64	7.40	27.61	4.63
South Carolina	169.00	31.57	117.69	19.74
South Dakota	30.34	5.67	21.13	3.54
Tennessee	234.46	43.79	163.27	27.39
Texas	917.73	171.43	639.11	107.20
Utah	103.23	19.28	71.89	12.06
Vermont	23.44	4.38	16.32	2.74
Virginia	293.09	54.75	204.11	34.24
Washington	247.07	46.15	172.06	28.86
West Virginia	68.45	12.79	47.67	8.00
Wisconsin	212.31	39.66	147.86	24.80
Wyoming	20.09	3.75	13.99	2.35
D.C.	22.33	4.17	15.55	2.61

II. State and Local Expenditure for Drug Prohibition Enforcement

The savings in state and local government expenditure that would result from drug legalization consists of three main components: the reduction in police resources from elimination of drug arrests; the reduction in prosecutorial and judicial resources from elimination of drug prosecutions; and the reduction in correctional resources from elimination of drug incarcerations.[2] There might be other savings in government expenditure from legalization, but these are minor or difficult to estimate with existing data.[3] The omission of these items biases the estimated budgetary savings downward.

To estimate the state and local savings in criminal justice resources, this report uses the following procedure. It estimates the percentage of state and local arrests for drug violations and multiplies this percentage by the state and local budget for police. It estimates the percentage of state and local felony convictions for drug violations and multiplies this percentage by the state and local budget for prosecutors and judges. It estimates the percentage of state and local incarcerations for drug violations and multiplies this percentage by the state and local budget for prisons. It then sums these components to estimate the overall reduction in state and local government expenditure. Under plausible assumptions, this procedure yields a reasonable estimate of the cost savings from drug legalization.[4] [5]

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[2] This report addresses only the criminal justice costs of enforcing drug prohibition; it does not address any possible changes in prevention, education, or treatment expenses that might accompany legalization. The narrower approach is appropriate because the decision to prohibit drugs is separate from the decision to subsidize prevention, education and treatment. Drug legalization might nevertheless cause some reduction in government expenditure for demand-side policies. For example, legalization would likely mean reduced criminal justice referrals of drug offenders to treatment; this category accounted for 15-50% of drug treatment referrals in 2006, depending on the drug category (U.S. Department of Health and Human Services (2006, Appendix Table D, p.14)). Thus, the approach adopted here implies a conservative estimate of the reduction in government expenditure from drug legalization.

[3] For example, under current rules regarding parole and probation, a positive urine test for drugs can send a parolee or probationer to prison, regardless of the original offense. These rules might change under legalization, implying additional reductions in government expenditure.

[4] The key assumption is that the technology is constant-returns to scale, so that average costs equal marginal costs. This equivalence is not necessarily accurate in the short-run or for small communities, but it is likely a good approximation overall.

State and Local Police Budget Due to Drug Prohibition

The first cost of drug prohibition is the portion of state and local police budgets devoted to drug arrests. This report calculates that expenditure in two steps. It first calculates the percentage of drug arrests due to prohibition. It then multiplies this percentage by state and local expenditure on police.

Table A calculates the fraction of state and local arrests due to drug prohibition. Line 1 gives the total number of state and local arrests in 2007. Line 2 gives the number of such arrests for drug law violations. Line 3 gives the fraction of arrests due to drug law violations, defined as Line 2 divided by Line 1. Line 4 gives the percentage of drug arrests due to sale or manufacturing violations. Line 5 gives the percentage of overall arrests due to sale/manufacturing violations, defined as Line 3 times Line 4. Line 6 gives the percentage of drug law violations due to possession violations. Line 7 gives the percentage of overall arrests due to possession violations, defined as Line 3 times Line 6.

The information in Lines 5 and 7 is what is required in subsequent calculations, subject to one modification. Some arrests for drug violations, especially those for possession, occur because the arrestee is under suspicion for a non-drug crime but possesses drugs that are discovered by police during a routine search. This means an arrest for drug possession is recorded, along with, or instead of, an arrest on the other charge. If drug possession were not a criminal offense, the suspects in such cases would still be arrested on the charge that led to the search, and police resources would be used to approximately the same extent as when drug possession is a criminal violation.[6]

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[5] The report includes estimates of this expenditure for all illegal drugs and for specific drug categories. Given available data, however, the estimates for specific drug categories are less accurate than those for illegal drugs overall.

[6] To the extent it takes additional resources to process an arrestee on multiple charges rather than on a single charge, there is still a net utilization of police resources in such cases due to prohibition. In addition, there is typically a lab test to determine the precise content of any drugs seized when there is an arrest on drug charges, implying utilization of additional resources due to prohibition. A different issue is that in some cases, police stops for non-drug charges that discover drugs and produce an arrest on drug charges might not have led to any arrest in the absence of the drug charge (e.g., because of insufficient evidence).

In determining which arrests represent a cost of drug prohibition, therefore, it is appropriate to count only those that are "stand-alone," meaning those in which a drug violation rather than some other charge is the reason for the arrest. This issue arises mainly for possession rather than for trafficking. There are few hard data on the fraction of "stand-alone" possession arrests, but the information in Miron (2002) and Reuter, Hirschfield and Davies (2001) suggests it is between 33% and 85%.[7] To err on the conservative side, this report assumes that 50% of possession arrests are due solely to drug possession rather than being incidental to some other crime. Thus the resources utilized in making these arrests would be available for other purposes if drug possession were legal. Line 8 of Table A therefore shows Line 7 divided by 2; this is the fraction of possession arrests attributable to drug prohibition.[8]

Table B uses the information in Table A, Lines 5 and 8, to calculate the police budget due to drug prohibition. Line 1 gives total state and local expenditure on police in 2006 (fiscal year). Line 2 gives the percent of arrests due to drug sale/manufacturing violations, equal to Line 5 of Table A. Line 3 gives police expenditure due to arrests for drug sale/manufacturing, defined as Line 2 times Line 1. Line 4 gives the percent of arrests due to drug possession violations, equal to Line 8 of Table A. Line 5 gives police expenditure due to arrests for drug possession, defined as Line 5 times Line 1. Line 6 gives total police expenditure due to drug violations, defined as Line 3 plus Line 5.

State and Local Judicial and Legal Budget Due to Drug Prohibition

The second main cost of drug prohibition is the portion of the prosecutorial and judicial budget devoted to drug prosecutions. A reasonable indicator of this percentage is the fraction of felony convictions in state courts for drug offenses.

The second portion of Table B calculates the judicial and legal budget due to drug prohibition. Line 7 gives the state and local judicial and legal budget. Line 8 gives the percent of felony convictions

[7] Lewis (2004) reports that the fraction of stand-alone arrests on all drug charges in the city of Syracuse, NY was 90.5% in 2002.

[8] Gettman and Fuller (2003) obtain a similar estimate to that reported here for Virginia in 2001.

in state courts due to drug law violations.[9] Line 9 gives the state and local judicial and legal budget due to drug prosecutions, equal to the product of Line 7 and Line 8.

The Corrections Budget Due to Drug Prohibition

The third main cost of drug prohibition is the portion of the corrections budget devoted to incarcerating drug prisoners. A reasonable indicator of this portion is the fraction of prisoners incarcerated for drug offenses.

The third portion of Table B calculates the corrections budget due to drug prohibition.[10] Line 10 gives the overall corrections budget. Line 11 gives the percent of state prisoners incarcerated for drug law violations.[11] Line 12 give the corrections budget devoted to drug prisoners, equal to the product of Line 10 and Line 11.

Overall State and Local Expenditure for Enforcement of Drug Prohibition

Line 13 of Table B adds Lines 6, 9, and 12 to estimate total state and local government expenditure for enforcement of drug prohibition. The figures in lines 13 are overstatements of the savings in government expenditure that would result from legalization, for two reasons. First, under prohibition the police sometimes seize assets from those arrested for drug violations (e.g., financial accounts, cars, boats, land, and houses), with the proceeds used to fund police and prosecutors.[12] Second, some drug offenders pay fines, which partially offset the expenditure required to arrest, convict and incarcerate these

[9] This figure is not available by drug. The calculations assume that the fraction of felony convictions by drug equals the fraction of sale/manufacturing arrests by drug.

[10] This report excludes the capital outlays portion of the corrections budget since the available data do not indicate the average rate of such expenditures. This biases the estimates downward.

[11] This figure is not available by drug. The calculations assume that the fraction of prisoners by drug equals the fraction of sale/manufacturing arrests by drug.

[12] Most seized assets are ultimately forfeited.

offenders. The Appendix shows that this offsetting revenue has been at most $0.5 billion per year in recent years at the state and local level.

Line 14 therefore shows the net state and local expenditure on drug prohibition for 2008 after subtracting out revenue from seizures and fines.[13] For all drugs, the estimate is $33.1 billion; for marijuana, $10.4 billion; for cocaine and heroin, $14.0 billion; and for other drugs, $8.9 billion.[14] [15]

State-by-State Estimates

Tables A1-A2 and B1-B5 provide state by state breakdowns of all the estimates provided in this section. These should be regarded as subject to more uncertainty than the national estimates due to data limitations.

III. Federal Expenditure for Drug Prohibition Enforcement

This section estimates federal expenditure on drug prohibition enforcement to be $16.5 billion in 2007.[16] [17] [18] Adjusting this number for inflation between 2007 and 2008 gives an estimate of $17.1 billion for 2008.

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[13] Since these data are not available by drug, the estimates assume that seizure and fine revenue are roughly proportional to gross expenditure.

[14] Inflation rate data used throughout the paper are for the CPI - All Urban Consumers (Bureau of Labor Statistics, U.S. Department of Labor, http://www.bls.gov/cpi/home.htm#data).

[15] As a check, it is useful to compare the estimate provided here to that derived from an alternative methodology. ONDCP (1993) reports survey evidence on drug prohibition enforcement by state and local authorities for the years 1990/1991. Adjusting these data for inflation and the percent attributable to drug prohibition yields an estimate similar to that reported above.

[16] This consists of expenditure in the following categories: Department of Defense ($1,242.7 million); Department of Homeland Security ($2,934.8 million and $65.0 million for other expenditures); Department of Justice ($2,921.1 million and $4,996.7 million for other expenditures); ONDCP ($421.7 million); Department of State ($1,125.7 million and $3.0 million for other expenditures); Department of Transportation ($2.7 million and $25.7 million for other expenditures); Department of Treasury ($57.3 million and $1,546.8 million for other expenditures); DC Court Services and Offender Supervision ($78.5 million); Department of the Interior ($6.6 million); and The Federal Judiciary ($1,025.3 million). See National Drug Control Strategy (2009), pp.14 & A1 at http://www.whitehousedrugpolicy.gov/publications/policy/10budget/fy10budget.pdf.

As with state and local revenue, this figure should be adjusted downward by the revenue from seizures and fines. The Appendix indicates that this amount has been at most $1.5 billion in recent years, implying a net savings of about $15.6 billion.

Table C allocates this $15.6 billion to different drug categories using the percentage of DEA drug arrests by drug. The fourth line of Table C shows that approximately $3.4 billion of the federal expenditure on drug prohibition is due to marijuana prohibition, $8.4 billion to cocaine and heroin, and $3.9 billion to other drugs.

IV. The Tax Revenue from Legalized Drugs

In addition to reducing government expenditure, drug legalization would produce tax revenue from the legal production and sale of drugs. To estimate the revenue, this report employs the following procedure. First, it estimates current consumer (retail) expenditure on drugs under prohibition. Second, it estimates the expenditure likely to occur under legalization. Third, it estimates the tax revenue that would result from this expenditure based on assumptions about the kinds of taxes that would apply to legalized drugs.

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[17] Murphy, Davis, Liston, Thaler and Webb (2000) examine the methods used by ONDCP to estimate this expenditure. They conclude that methodological problems render parts of the estimates biased, by substantial amounts in some cases. However, these issues do not imply major qualifications to the data considered here. Murphy et al. find that the anti-drug budgets of the Coast Guard and the Bureau of Prisons are accurate reflections of the resources expended while the reported expenditure of the Department of Defense probably underestimates its anti-drug budget. The overestimates that they identify occur for demand-side activities.

[18] The 2003 *National Drug Control Strategy* adopts a new methodology for estimating the federal drug control budget. This new methodology implies a substantial reduction in supply side expenditure (ONDCP 2002, pp.33-34). For the purposes of this report, however, the old methodology is more appropriate. For example, the new approach excludes expenditures on incarceration of persons imprisoned for drug crimes.

Expenditure on Drugs under Current Prohibition

The first step in determining the tax revenue under legalization is to estimate expenditure on drugs under current prohibition. ONDCP (2001a, Table A, p.3) provides estimates of this expenditure for 2000. These estimates rely on a range of assumptions about the drug market, and modification of these assumptions might produce a higher or lower estimate. There is no obvious reason, however, why alternative assumptions would imply dramatically different estimates of current expenditure on drugs. This report therefore uses the ONDCP figures as the starting point for the revenue estimates presented below.

Table D, line 1, gives the ONDCP estimates for 2000. Line 2 gives these estimates adjusted for inflation and use rates between 2000 and 2008.[19]

Expenditure on Drugs under Legalization

The second step in estimating the tax revenue that would occur under legalization is to determine how expenditure on drugs would change as the result of legalization. A simple framework in which to consider various assumptions is the supply and demand model. To use this model to assess legalization's impact on drug expenditure, it is necessary to state what effect legalization would have on the demand and supply curves for drugs.

This report assumes there would be no shift in the demand for drugs.[20] This assumption likely errs in the direction of understating the tax revenue from legalized drugs since the penalties for possession potentially deter some persons from consuming. Any increase in demand as a result of legalization, however, would plausibly come from casual users rather than heavy users since heavy users are the ones

[19] Usage rates have increased slightly between 2000 and 2008. Prevalence rates for usage of all illicit drugs have increased from 30.8% to 33.8%; for marijuana usage, from 27.9% to 28.6%; for cocaine, from 5.4% to 6.0%; for heroin, from 0.4% to 0.5%; for other drugs, from 11.6% to 14.3%. See Monitoring the Future 2009, pp. 151, http://monitoringthefuture.org/pubs/monographs/vol2_2008.pdf.

[20] To be explicit, the assumption is that there is no shift in the demand curve. If the supply curve shifts, there will be a change in the quantity demanded.

with strong desire to consume drugs and are therefore already consuming despite prohibition. Any increase in use might also come from decreased consumption of alcohol, tobacco or other goods, so increased tax revenue from legal drugs would be partially offset by decreased tax revenue from other goods. Forbidden fruit effects from prohibition might also tend to offset the demand decreasing effects of penalties for possession. Thus, the assumption of no change in demand is plausible, and it plausibly biases the estimated tax revenue downward.[21]

Under the assumption that demand does not shift due to legalization, any change in the quantity and price would result from changes in supply conditions. Two main effects would operate (Miron 2003a). On the one hand, drug suppliers in a legal market would not incur the costs imposed by prohibition, such as the threat of arrest, incarceration, fines, asset seizure, and the like. This means that, other things equal, costs and therefore prices would be lower under legalization. On the other hand, drug suppliers in a legal market would bear the costs of tax and regulatory policies that apply to legal goods but that black market suppliers normally avoid.[22] This implies an offset to the cost reductions resulting from legalization. Further, changes in competition and advertising under legalization can potentially yield higher prices than under prohibition.

The magnitude of legalization's impact on price is therefore likely to differ across drugs given differences in supply conditions and in the degree to which prohibition is enforced. For marijuana, the best available evidence comes from comparisons of prices between the U.S. and the Netherlands. Although marijuana is still technically illegal in the Netherlands, the degree of enforcement is substantially below that in the U.S., and the sale of marijuana in coffee shops is officially tolerated. The regime thus approximates *de facto* legalization. Existing data suggest that retail prices in the Netherlands

[21] Regulation aimed at drug use and sale (e.g., age limits on purchase or licensing and zoning restrictions on sale) might also reduce demand relative to prohibition because legal sellers face a stronger incentive to obey such regulation than underground sellers, who are already hiding their actions from authorities.

[22] The underlying assumption is that the marginal costs of evading tax and regulatory costs is zero for black market suppliers who are already conducting their activities in secret.

are roughly 50-100 percent of U.S. prices.[23] [24] This report assumes that legalized prices for marijuana would be 50% of current prices. For cocaine, available evidence suggests that prices might fall to 20% of the current level; for heroin, the evidence suggests it might fall to 5% of the current level (Miron 2003a).[25] For other drugs, this report assumes that prices fall to 5% of the current level.[26] Table D, line 3, shows these assumptions.

The effect of any price decline that occurs due to legalization depends on the elasticity of demand for drugs.[27] Evidence on this elasticity is limited because appropriate data on drug price and consumption are not readily available. Existing estimates, however, suggest an elasticity of at least -0.5 and plausibly more than -1.0.[28] [29] Estimates for other drugs, as well as for alcohol and tobacco, generally suggest an

[23] MacCoun and Reuter (1997) report gram prices of $2.50-$12.50 in the Netherlands and $1.50 - $15.00 in the U.S. They speculate that the surprisingly high prices in the Netherlands might reflect enforcement aimed at large-scale trafficking. Harrison, Backenheimer, and Inciardi (1995) note that ONDCP data on marijuana prices in the U.S. are similar to prices charged in Dutch coffee shops. ONDCP (2001b) reports a price per gram for small-scale purchases of roughly $9 per gram in the second quarter of 2000, while EMCDDA (2002) suggests a price of 2-8 Euros per gram, which is roughly $6 on average. Various web sites that discuss the coffee shops in Amsterdam suggest prices of $5 - $11 per gram in recent years. These comparisons do not adjust for potency or other dimensions of quality.

[24] Clements and Daryal (2001) report marijuana prices for Australia that are similar to or higher than those in the United States. Since Australian drug policy is noticeably less strict than U.S. policy, this observation is consistent with the view that legalization would not produce a dramatic fall in price.

[25] The results in Miron (2003a) on legalized drug prices come from two kinds of evidence. The first is analysis of the relation between farm gate prices and retail prices for "similar" goods such as coffee or chocolate. The second is examination of prices for legal versions of currently illegal drugs, such as those for medical versions of cocaine and opiates like morphine.

[26] The report assumes a 5% value for other drugs because direct evidence is not available, and this assumption errs on the conservative side.

[27] The elasticity of demand is the percentage change in the quantity demanded that results from a one percentage point change in the price. For example, an elasticity of -0.5 means that if price falls by 10%, the quantity demanded will increase by 5%. An "elastic" demand curve is one for which the elasticity is large (in absolute value).

[28] See Nisbet and Vakil (1972). Their estimates that use survey data imply price elasticities of -0.365 or -0.51 in the log and linear specifications, respectively, while the purchase data imply price elasticities of -1.013 and -1.51. The estimates based on purchase data are plausibly more reliable. Moreover, as they note, these estimates are likely biased downward by standard simultaneous equations bias. Clemens and Daryal (1999) estimate a price elasticity of -0.5 for drugs using Australian data. Estimates of the demand for "similar" goods (e.g., alcohol, cocaine, heroin, or tobacco) suggest similar elasticities.

elasticity in the range of -0.5 to -1.0. If the demand elasticity equals -1.0, then expenditure will remain constant or increase. If demand is less elastic, then expenditure will decline.[30] This report assumes an elasticity of -0.5, as shown in Table D, line 4.

Table D, line 5, shows the implications of these assumptions about the decline and price combined with an elasticity of -0.5 for the amount of expenditure that would occur for legalized drugs, assuming the economic activity in legalized drugs markets is subject to standard income and sales taxation. The estimates in line 5 do not assume the presence of a sin tax on legalized drugs.

Tax Revenue from Legalized Drugs

To estimate the tax revenue that would result from drug legalization, it is necessary to assume a particular tax structure. This report assumes that legalized drugs would be taxed at rates comparable to alcohol and tobacco. This means that the legalized drug market would be subject to sin taxation as well as standard income and sales taxation.[31] Imposing a high sin tax can force a market underground, thereby reducing rather than increasing tax revenue. Existing evidence, however, suggests that relatively high rates of sin taxation are possible without generating a black market. For example, cigarette taxes in many

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[29] Pacula, Grossman, Chaloupka, O'Malley, Johnston and Farrelly (2000) summarize the literature on the relation between drug use and factors that can affect use, such as legal penalties. They conclude the evidence is mixed but overall indicates a moderate response of drug consumption to "price." The papers summarized do not provide measures of the price elasticity. The results reported by Pacula et al. suggest an elasticity of drug participation between 0.0 and -0.5; this understates the total elasticity, which includes any change in consumption conditional on participation. The literature since Nisbet and Vakil is thus consistent with the elasticity estimate assumed above.

[30] The phrase "if demand is less elastic" can be read as "if demand is less responsive (to price)."

[31] Schwer, Riddel and Henderson (2002) estimate the tax revenue from marijuana legalization in Nevada assuming "sin taxation." Their estimates are not readily comparable to those presented here because they consider the situation in which one state legalizes marijuana while other states and the federal government prohibit marijuana. The same comment applies to Bates (2004), who estimates the tax revenue from marijuana legalization in Alaska. Easton (2004) estimates the tax revenue from marijuana legalization in Canada under the assumption of sin taxation. His estimates are comparable but modestly higher than those presented here, adjusted for the different size of the U.S. and Canadian economies. Caputo and Ostrom (1994) provide estimates for the overall economy that are similar to those obtained here.

European countries account for 70–80 percent of the price (US Department of Health and Human Services 2000).

To estimate the revenue from sin taxation, this report assumes that state and local plus federal governments impose excise taxes on legalized drugs at a rate equal to 50% of the retail price. This implies that excise taxation accounts for 33% of the final price to consumers.[32] [33] An excise tax of 50% that is imposed on top of the legalized, retail price would increase expenditure by 25% given an assumed elasticity of -0.5. Line 7 of Table D shows total expenditure on legalized drugs under these assumptions, while Line 8 shows the revenue from sin taxation.[34]

Legalized drugs would also generate tax revenue because the income earned would be subject to standard income and sales taxation. The amount of income earned is roughly equal to the amount of

[32] Note that in many European countries, tobacco taxation accounts for 70-80% of the retail price.

[33] These assumptions imply an amount of sin taxation as a percent of expenditure that is similar to what currently occurs in the U.S. for alcohol and tobacco. In 2007, federal excise tax receipts from alcohol and tobacco were $8.6 billion and $7.6 billion, respectively (See Table 457 of U.S. Census 2009, http://www.census.gov/compendia/statab/tables/09s0457.pdf), and state and local excise tax receipts from alcohol and tobacco were $5.7 billion and $15.8 billion, respectively (See Appendix Table A of U.S. Census 2007, http://www2.census.gov/govs/estimate/0700ussl_1.txt). This implies total excise taxation on alcohol and tobacco of $14.3 billion and $23.4 billion, respectively. In this same year, consumer expenditure on alcohol and tobacco were $54.9 billion ($457 per consumer unit for 120,171 units) and $33.8 billion ($323 per consumer unit for 120,171 units), respectively (See U.S. Department of Labor 2007, ftp://ftp.bls.gov/pub/special.requests/ce/standard/2007/cusize.txt). These figures imply that excise taxation accounts for roughly 26% (alcohol) and 69% (tobacco) of expenditure.

[34] These amounts are not necessarily attainable given the characteristics of drug production. Small scale, efficient production is possible, so the imposition of a substantial tax might encourage a portion of the market to remain underground. Whether such production is illicit depends on the details of a legalization law. Plausibly, growing small amounts for personal use would not be subject to taxation or regulation, just as growing small amounts of vegetables or herbs is not subject to taxation or regulation. The evidence suggests that the magnitude of such production would be minimal. In particular, alcohol production switched mostly from the black market to the licit market after repeal of Alcohol Prohibition in 1933.

The assumption of a constant demand elasticity in response to a price change of this magnitude is also debatable; more plausibly, the elasticity would increase as the price rose, implying a larger decline in consumption and thus less revenue from excise taxation.

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expenditure. For most legal goods, tax revenue as a fraction of expenditure is approximately 30%.[35] This figure includes the sales taxation of roughly 5% imposed by most state governments as well as income taxation imposed by state and federal governments. This 30% tax share is consistent with the estimates derived above on the relation between prices under prohibition and prices in a legalized market since those prices were based on comparisons that incorporated any costs of legal goods due to standard taxation.

This 30% should be applied to an amount equal to 75% of the legalized, pre-sin-tax expenditure. This is because while the sin tax raises expenditure given that demand is inelastic, the 50% higher price combined with an elasticity of -0.5 leads to a 25% reduction in expenditure. Assuming constant costs therefore means that expenditure should be 75% of pre-sin-tax expenditure. Table D, lines 9 and 10, provide these calculations.

Table D, line 11, adds the revenue from sin taxation and standard income/sale taxation to provide estimates of the total tax revenue that would accrue from a regime in which drugs are legal but taxed and regulated similarly to alcohol and tobacco. For all drugs, the estimate is $34.3 billion; for marijuana, $6.4 billion; for cocaine and heroin, $23.9 billion; and for other drugs, $4.0 billion.

State-by-State Estimates

Tables G1 and G2 provide state by state breakdowns of all the estimates provided in this section. These should be regarded as subject to more uncertainty than the national estimates due to data limitations. Table G1 assumes that state-level expenditure on drugs is proportional to population. Table G2 utilizes the state-level estimates of drug consumption rates contained in http://www.oas.samhsa.gov/2k7state/AppB.htm#TabB-1.

[35] In 2001, total government receipts divided by GDP equaled 29.7%. See the *2003 Economic Report of the President* on-line, http://www.gpoaccess.gov/usbudget/fy04/pdf/2003_erp.pdf, Tables B-1 and B-92, pp. 276 and 373.

V. Summary

This report has estimated the budgetary implications of legalizing drugs and taxing and regulating them like other goods. The estimates provided here are not provided as definitive estimates of the budgetary implications of a legalized taxation and regulation regime for currently illegal drugs. The analysis has attempted to employ reasonable assumptions that err overall on the conservative side, but substantial uncertainty remains about many details. The estimates are therefore intended as "ballpark" figures that indicate what order of magnitude policymakers should expect.

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Appendix Table A: Percentage of Arrests Due to Drug Prohibition, 2007

	All Drugs	Heroin/ Cocaine	Marijuana	Synthetic	Other
1. Total Arrests	14,209,365				
2. Arrests, Drug Violations	1,841,182				
3. % of Arrests, Drug Violations	12.96%				
4. % of Drug Arrests, Sale/Manufacturing	17.50%	7.90%	5.30%	1.50%	2.80%
5. % of Total Arrests, Sale/Manufacturing	2.27%	1.02%	0.69%	0.19%	0.36%
6. % of Drug Arrests , Possession	82.50%	21.50%	42.10%	3.30%	15.60%
7. % of Total Arrests, Possession	10.69%	2.79%	5.46%	0.43%	2.02%
8. 0.5 × % of Arrests, Possession	5.34%	1.39%	2.73%	0.21%	1.01%

Sources:

1. Total arrests and arrests for drug violations: http://www.fbi.gov/ucr/cius2007/data/table_29.html.

2. Drug violation and sale/manufacturing percentages: http://www.fbi.gov/ucr/cius2007/arrests/index.html.

Appendix Table B: State and Local Expenditures Attributable to Drug Prohibition, Billions of 2008 dollars

	All Drugs	Heroin/ Cocaine	Marijuana	Synthetic	Other
1. Police Budget	86.48				
2. Percent of Arrests, Sale/Manufacturing Violations	2.27%	1.02%	0.69%	0.19%	0.36%
3. Police Budget, Sale/Manufacturing Violations	1.96	0.89	0.59	0.17	0.31
4. Percent of arrests, Possession Violations	5.34%	1.39%	2.73%	0.21%	1.01%
5. Police Budget, Possession Violations	4.62	1.20	2.36	0.18	0.87
6. Police Budget, Drug Violations	**6.44**	**2.08**	**2.85**	**0.40**	**1.25**
7. Judicial Budget	40.27				
8. Percent of Felony Convictions, Drug Violations	34.00%	15.15%	9.64%	2.85%	6.34%
9. Judicial Budget, Drug Violations	**13.69**	**6.10**	**3.88**	**1.15**	**2.56**
10. Corrections Operating Budget	68.54				
11. Percent of Prisoners, Drug Charges	19.50%	8.69%	5.53%	1.63%	3.64%
12. Correct. Budget, Drug Violations	**13.37**	**5.95**	**3.79**	**1.12**	**2.49**
13. Gross State/Local Expenditures, Drug Prohibition	33.50	14.13	10.52	2.66	6.30
14. Net State/Local Expenditures, Drug Prohibition	**33.07**	**13.95**	**10.39**	**2.63**	**6.22**

Sources:

1. The data on felony convictions are from Durose and Langan (2007, p.2).

2. The data on prisoners are from http://www.albany.edu/sourcebook/pdf/t600012004.pdf.

3. The data on budgets are from http://www.census.gov/govs/estimate/0600ussl_1.html.

4. Budgets were originally reported for 2005-2006 and were converted to 2008 dollars with http://www.bls.gov/cpi/home.htm#data.

Appendix Table C: Federal Drug Prohibition Expenditure, Billions of 2008 Dollars

	All	Marijuana	Cocaine	Heroin	Other
1. Federal Expenditure (2008)	15.6				
2. Number of DEA arrests (2007)	26,550	5,700	12,104	2,116	6,630
3. Percentage of DEA arrests, by Drug	100.00%	21.47%	45.59%	7.97%	24.97%
4. Federal Expenditure, by Drug	15.60	3.35	7.11	1.24	3.90

Sources:

1. The data on the fraction of DEA arrests by drug are from http://www.usdoj.gov/ndic/pubs31/31379/appendb.htm#TableB1.

2. Federal expenditures were originally reported in 2007 dollars and were adjusted for inflation to 2008 dollars with http://www.whitehousedrugpolicy.gov/publications/policy/10budget/fy10budget.pdf.

Table D: State and Federal Tax Revenues from Legalized Drugs, Billions of 2008 Dollars

	All Drugs	Marijuana	Cocaine	Heroin	Other
1. Consumer Expenditure by Drug, 2000	64.00	10.50	35.30	10.00	7.80
2. Consumer Expenditure by Drug, 2008	86.99	13.33	48.58	15.48	11.91
3. Assumed Percent Decline in Price		50.00	80.00	95.00	95.00
4. Assumed Elasticity		-0.50	-0.50	-0.50	-0.50
5. Percent Decline in Expenditure, Legalization		25.00	40.00	47.50	47.50
6. Consumer Expenditure, Legalization	53.52	10.00	29.15	8.13	6.25
7. Consumer Expenditure, Sin Taxation	66.91	12.50	36.43	10.16	7.82
8. Revenue from Sin Taxation	**22.30**	**4.17**	**12.14**	**3.39**	**2.61**
9. Consumer Expenditure Subject to Standard Taxation	40.14	7.50	21.86	6.10	4.69
10. Revenue, Standard Taxation	**12.04**	**2.25**	**6.56**	**1.83**	**1.41**
11. Tax Revenue	**34.34**	**6.42**	**18.70**	**5.22**	**4.01**
12. Federal Tax Collection	**22.90**	**4.28**	**12.47**	**3.48**	**2.67**
13. State Collection	**11.45**	**2.14**	**6.23**	**1.74**	**1.34**

Sources:

1. http://www.whitehousedrugpolicy.gov/publications/pdf/american_users_spend_2002.pdf.

2. http://www.census.gov/compendia/statab/tables/09s0435.pdf.

3. Consumer expenditures were originally reported in 2000 dollars and were adjusted for inflation to 2008 dollars with http://www.bls.gov/cpi/home.htm#data and for increase in drug usage based on estimates from Monitoring the Future.

Appendix Table E1: State by State Arrest Data (Alabama – New Hampshire)

	Arrests		Sale/Manufacturing Arrest					Possession Arrests				
State	Total Arrests	Drug Violation Total Arrests	All Drugs	Cocaine	Marijuana	Synthetic	Other	All Drugs	Cocaine	Marijuana	Synthetic	Other
Alabama	199,688	17,308	1,316	661	131	172	352	15,992	4,664	9,524	1,023	781
Alaska	38,578	1,767	302	109	108	32	53	1,465	304	864	146	151
Arizona	321,503	36,050	5,015	1,675	1,645	811	884	31,035	3,192	17,888	3,366	6,589
Arkansas	101,694	12,486	2,031	478	634	238	681	10,455	1,145	5,711	596	3,003
California	1,540,894	292,263	45,961	16,885	14,821	0	14,255	246,302	83,727	59,132	0	103,443
Colorado	225,099	19,250	2,061	858	657	122	424	17,189	2,692	11,245	349	2,903
Connecticut	120,182	15,812	2,354	1,523	678	84	69	13,458	5,838	6,652	525	443
Delaware	41,350	5,908	2,139	1,367	581	66	125	3,769	896	2,582	109	182
Florida*	1,126,395	79,003	17,269	12,823	4,047	263	135	61,734	28,940	31,360	755	676
Georgia	333,657	49,400	10,954	3,839	4,033	687	2,395	38,446	10,744	22,984	2,421	2,297
Hawaii	213,219	19,507	6,259	683	4,013	38	1,523	13,250	3,386	7,079	510	2,273
Idaho	73,896	5,851	605	54	215	14	322	5,246	106	3,328	97	1,715
Illinois	191,268	1,085	192	108	75	5	4	893	312	542	12	27
Indiana	215,449	23,363	4,747	2,189	1,556	450	552	18,616	3,502	11,695	1,114	2,305
Iowa	114,816	9,156	781	179	381	12	209	8,375	749	6,237	137	1,252
Kansas	73,904	8,060	1,310	317	568	24	401	6,750	980	4,364	131	1,275
Kentucky	63,884	12,538	1,682	534	744	70	334	10,856	1,512	7,290	580	1,474
Louisiana	173,584	23,056	4,145	1,979	1,199	280	687	18,911	4,449	11,728	1,111	1,623
Maine	57,731	5,731	1,276	431	440	121	284	4,455	663	2,814	326	652
Maryland	296,861	55,401	13,242	9,597	2,666	848	131	42,159	19,142	22,028	492	497
Massachusetts	296,861	21,303	6,021	4,068	1,508	267	178	15,282	5,372	8,717	538	655
Michigan	312,777	34,306	7,723	3,256	3,152	210	1,105	26,583	6,444	16,288	805	3,046
Minnesota*	215,671	19,167	6,161	619	3,966	53	1,523	13,006	2,809	7,642	480	2,075
Mississippi	85,271	11,709	1,556	669	424	212	251	10,153	2,507	5,578	758	1,310
Missouri	297,234	39,152	5,089	608	1,803	789	1,889	34,063	2,758	21,247	1,709	8,349
Montana	28,136	1,805	153	20	86	17	30	1,652	46	1,269	57	280
Nebraska	83,957	10,117	1,084	189	307	153	435	9,033	395	7,062	226	1,350
Nevada	167,412	14,660	2,729	1,004	731	432	562	11,931	1,647	7,118	2,355	811
New Hampshire	38,396	3,005	508	111	334	27	36	2,497	301	1,905	99	192

Appendix Table E1: State by State Arrest Data (New Jersey – Wyoming)

	Arrests		Sale/Manufacturing Arrest					Possession Arrests				
State	Total Arrests	Drug Violation Total Arrests	All Drugs	Cocaine	Marijuana	Synthetic	Other	All Drugs	Cocaine	Marijuana	Synthetic	Other
New Jersey	383,797	52,875	12,730	8,907	3,062	447	314	40,145	17,043	20,179	935	1,988
New Mexico	78,484	6,673	2,552	1,534	322	626	70	4,121	237	2,947	592	345
New York	345,251	63,058	6,112	2,913	1,113	171	1,915	56,946	7,713	37,173	734	11,326
North Carolina	407,663	43,711	6,966	4,220	2,365	149	232	36,745	10,965	22,746	1,046	1,988
North Dakota	27,359	1,870	283	33	139	13	98	1,587	52	1,217	50	268
Ohio	256,718	35,808	4,472	2,301	1,381	177	613	31,336	9,745	16,928	1,015	3,648
Oklahoma	161,719	22,338	3,245	518	1,272	923	532	19,093	2,781	11,845	2,743	1,724
Oregon	147,335	19,234	1,788	531	552	49	656	17,446	2,907	8,493	802	5,244
Pennsylvania	467,655	58,944	20,744	13,411	5,310	1,340	683	38,200	12,887	19,799	1,849	3,665
Rhode Island	26,966	3,492	588	363	183	19	23	2,904	809	1,922	55	118
South Carolina	213,355	31,952	5,964	3,406	1,749	106	703	25,988	6,550	16,850	632	1,956
South Dakota	18,014	1,715	181	18	112	10	41	1,534	65	1,282	39	148
Tennessee	304,793	43,459	10,998	4,081	4,115	845	1,957	32,461	6,802	19,038	1,904	4,717
Texas	1,087,325	145,585	15,925	4,637	1,753	7,972	1,563	129,660	36,764	67,916	9,038	15,942
Utah	120,167	10,263	1,400	577	267	75	481	8,863	1,491	3,935	330	3,107
Vermont	16,731	1,602	245	87	80	16	62	1,357	153	836	78	290
Virginia	313,457	34,498	7,319	3,909	2,157	450	803	27,179	6,752	17,537	532	2,358
Washington	248,676	29,192	3,569	667	1,347	706	849	25,623	2,528	12,960	3,800	6,335
West Virginia	46,835	4,884	1,042	435	342	88	177	3,842	704	2,344	375	419
Wisconsin	421,093	25,968	6,096	2,631	2,371	401	693	19,872	1,856	15,319	742	1,955
Wyoming	39,808	3,128	302	29	151	89	33	2,826	114	2,046	333	333
D.C.	5,933	80	12	2	8	0	2	68	13	52	0	3

Sources:
1. Uniform Crime Reports Drug Arrest Data 2007.
2. Florida* (1995): http://fisher.lib.virginia.edu/collections/stats/crime/.
3. Minnesota* (2006): http://www.icpsr.umich.edu/cocoon/NACJD/STUDY/23780.xml.

Appendix Table E2: State by State Sale/Manufacturing and Possession Data (Alabama – New Hampshire)

	% of Total Arrests, Sale/Manufacturing					1/2 * % of Total Arrests, Possession				
State	All Drugs	Heroin/ Cocaine	Marijuana	Synthetic	Other	All Drugs	Heroin/ Cocaine	Marijuana	Synthetic	Other
Alabama	0.66%	0.33%	0.07%	0.09%	0.18%	4.00%	1.17%	2.38%	0.26%	0.20%
Alaska	0.78%	0.28%	0.28%	0.08%	0.14%	1.90%	0.39%	1.12%	0.19%	0.20%
Arizona	1.56%	0.52%	0.51%	0.25%	0.27%	4.83%	0.50%	2.78%	0.52%	1.02%
Arkansas	2.00%	0.47%	0.62%	0.23%	0.67%	5.14%	0.56%	2.81%	0.29%	1.48%
California	2.98%	1.10%	0.96%	0.93%	0.93%	7.99%	2.72%	1.92%	0.00%	3.36%
Colorado	0.92%	0.38%	0.29%	0.05%	0.19%	3.82%	0.60%	2.50%	0.08%	0.64%
Connecticut	1.96%	1.27%	0.56%	0.07%	0.06%	5.60%	2.43%	2.77%	0.22%	0.18%
Delaware	5.17%	3.31%	1.41%	0.16%	0.30%	4.56%	1.08%	3.12%	0.13%	0.22%
Florida*	1.53%	1.14%	0.36%	0.02%	0.01%	2.74%	1.28%	1.39%	0.03%	0.03%
Georgia	3.28%	1.15%	1.21%	0.21%	0.72%	5.76%	1.61%	3.44%	0.36%	0.34%
Hawaii	2.94%	0.32%	1.88%	0.02%	0.71%	3.11%	0.79%	1.66%	0.12%	0.53%
Idaho	0.82%	0.07%	0.29%	0.02%	0.44%	3.55%	0.07%	2.25%	0.07%	1.16%
Illinois	0.10%	0.06%	0.04%	0.00%	0.00%	0.23%	0.08%	0.14%	0.00%	0.01%
Indiana	2.20%	1.02%	0.72%	0.21%	0.26%	4.32%	0.81%	2.71%	0.26%	0.53%
Iowa	0.68%	0.16%	0.33%	0.01%	0.18%	3.65%	0.33%	2.72%	0.06%	0.55%
Kansas	1.77%	0.43%	0.77%	0.03%	0.54%	4.57%	0.66%	2.95%	0.09%	0.86%
Kentucky	2.63%	0.84%	1.16%	0.11%	0.52%	8.50%	1.18%	5.71%	0.45%	1.15%
Louisiana	2.39%	1.14%	0.69%	0.16%	0.40%	5.45%	1.28%	3.38%	0.32%	0.47%
Maine	2.21%	0.75%	0.76%	0.21%	0.49%	3.86%	0.57%	2.44%	0.28%	0.56%
Maryland	4.46%	3.23%	0.90%	0.29%	0.04%	7.10%	3.22%	3.71%	0.08%	0.08%
Massachusetts	2.03%	1.37%	0.51%	0.09%	0.06%	2.57%	0.90%	1.47%	0.09%	0.11%
Michigan	2.47%	1.04%	1.01%	0.07%	0.35%	4.25%	1.03%	2.60%	0.13%	0.49%
Minnesota*	2.86%	0.29%	1.84%	0.02%	0.71%	3.02%	0.65%	1.77%	0.11%	0.48%
Mississippi	1.82%	0.78%	0.50%	0.25%	0.29%	5.95%	1.47%	3.27%	0.44%	0.77%
Missouri	1.71%	0.20%	0.61%	0.27%	0.64%	5.73%	0.46%	3.57%	0.29%	1.40%
Montana	0.54%	0.07%	0.31%	0.06%	0.11%	2.94%	0.08%	2.26%	0.10%	0.50%
Nebraska	1.29%	0.23%	0.37%	0.18%	0.52%	5.38%	0.24%	4.21%	0.13%	0.80%
Nevada	1.63%	0.60%	0.44%	0.26%	0.34%	3.56%	0.49%	2.13%	0.70%	0.24%
New Hampshire	1.32%	0.29%	0.87%	0.07%	0.09%	3.25%	0.39%	2.48%	0.13%	0.25%

Appendix Table E2: State by State Sale/Manufacturing and Possession Data (New Jersey – Wyoming)

	% of Total Arrests, Sale/Manufacturing					1/2 * % of Total Arrests, Possession				
State	All Drugs	Heroin/ Cocaine	Marijuana	Synthetic	Other	All Drugs	Heroin/ Cocaine	Marijuana	Synthetic	Other
New Jersey	3.32%	2.32%	0.80%	0.12%	0.08%	5.23%	2.22%	2.63%	0.12%	0.26%
New Mexico	3.25%	1.95%	0.41%	0.80%	0.09%	2.63%	0.15%	1.88%	0.38%	0.22%
New York	1.77%	0.84%	0.32%	0.05%	0.55%	8.25%	1.12%	5.38%	0.11%	1.64%
North Carolina	1.71%	1.04%	0.58%	0.04%	0.06%	4.51%	1.34%	2.79%	0.13%	0.24%
North Dakota	1.03%	0.12%	0.51%	0.05%	0.36%	2.90%	0.10%	2.22%	0.09%	0.49%
Ohio	1.74%	0.90%	0.54%	0.07%	0.24%	6.10%	1.90%	3.30%	0.20%	0.71%
Oklahoma	2.01%	0.32%	0.79%	0.57%	0.33%	5.90%	0.86%	3.66%	0.85%	0.53%
Oregon	1.21%	0.36%	0.37%	0.03%	0.45%	5.92%	0.99%	2.88%	0.27%	1.78%
Pennsylvania	4.44%	2.87%	1.14%	0.29%	0.15%	4.08%	1.38%	2.12%	0.20%	0.39%
Rhode Island	2.18%	1.35%	0.68%	0.07%	0.09%	5.38%	1.50%	3.56%	0.10%	0.22%
South Carolina	2.80%	1.60%	0.82%	0.05%	0.33%	6.09%	1.54%	3.95%	0.15%	0.46%
South Dakota	1.00%	0.10%	0.62%	0.06%	0.23%	4.26%	0.18%	3.56%	0.11%	0.41%
Tennessee	3.61%	1.34%	1.35%	0.28%	0.64%	5.33%	1.12%	3.12%	0.31%	0.77%
Texas	1.46%	0.43%	0.16%	0.73%	0.14%	5.96%	1.69%	3.12%	0.42%	0.73%
Utah	1.17%	0.48%	0.22%	0.06%	0.40%	3.69%	0.62%	1.64%	0.14%	1.29%
Vermont	1.46%	0.52%	0.48%	0.10%	0.37%	4.06%	0.46%	2.50%	0.23%	0.87%
Virginia	2.33%	1.25%	0.69%	0.14%	0.26%	4.34%	1.08%	2.80%	0.08%	0.38%
Washington	1.44%	0.27%	0.54%	0.28%	0.34%	5.15%	0.51%	2.61%	0.76%	1.27%
West Virginia	2.22%	0.93%	0.73%	0.19%	0.38%	4.10%	0.75%	2.50%	0.40%	0.45%
Wisconsin	1.45%	0.62%	0.56%	0.10%	0.16%	2.36%	0.22%	1.82%	0.09%	0.23%
Wyoming	0.76%	0.07%	0.38%	0.22%	0.08%	3.55%	0.14%	2.57%	0.42%	0.42%
D.C.	0.20%	0.03%	0.13%	0.00%	0.03%	0.57%	0.11%	0.44%	0.00%	0.03%

Sources:

1. Uniform Crime Reports Drug Arrest Data 2007.
2. Florida* (1995): http://fisher.lib.virginia.edu/collections/stats/crime/.
3. Minnesota* (2006): http://www.icpsr.umich.edu/cocoon/NACJD/STUDY/23780.xml.

Table F1: State and Local Expenditures Attributable to Drug Prohibition, Thousands of 2008 Dollars (Alabama – New York)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
Alabama	1,010,521	6,660	40,464	47,123	390,040	34.00%	132,614	707,079	19.50%	137,880	317,617	313,549
Alaska	235,305	1,842	4,468	6,310	194,851	34.00%	66,249	231,920	19.50%	45,224	117,784	116,275
Arizona	1,851,136	28,875	89,346	118,221	920,992	34.00%	313,137	1,562,201	19.50%	304,629	735,988	726,561
Arkansas	552,637	11,037	28,408	39,445	238,110	34.00%	80,957	570,381	19.50%	111,224	231,627	228,660
California	14,322,369	427,200	1,144,669	1,571,870	8,498,999	34.00%	2,889,660	11,937,225	19.50%	2,327,759	6,789,288	6,702,333
Colorado	1,315,954	12,049	50,244	62,293	517,981	34.00%	176,114	1,094,584	19.50%	213,444	451,851	446,064
Connecticut	989,928	19,390	55,426	74,816	641,939	34.00%	218,259	676,367	19.50%	131,892	424,967	419,524
Delaware	312,680	16,175	14,250	30,425	161,244	34.00%	54,823	267,678	19.50%	52,197	137,445	135,684
Florida	6,483,472	99,399	177,669	277,068	2,309,232	34.00%	785,139	4,427,551	19.50%	863,372	1,925,580	1,900,918
Georgia	2,145,788	70,446	123,625	194,072	968,946	34.00%	329,442	2,188,003	19.50%	426,661	950,174	938,005
Hawaii	304,808	8,948	9,471	18,418	268,042	34.00%	91,134	196,132	19.50%	38,246	147,798	145,905
Idaho	302,081	2,473	10,723	13,196	162,201	34.00%	55,148	285,557	19.50%	55,684	124,028	122,439
Illinois	4,113,112	4,129	9,602	13,731	1,306,906	34.00%	444,348	1,894,067	19.50%	369,343	827,422	816,824
Indiana	1,136,130	25,032	49,084	74,116	458,859	34.00%	156,012	1,021,669	19.50%	199,225	429,354	423,855
Iowa	622,894	4,237	22,718	26,955	314,297	34.00%	106,861	393,028	19.50%	76,640	210,456	207,761
Kansas	694,335	12,308	31,708	44,016	315,661	34.00%	107,325	411,678	19.50%	80,277	231,618	228,652
Kentucky	723,889	19,059	61,506	80,566	421,019	34.00%	143,146	687,983	19.50%	134,157	357,869	353,285
Louisiana	1,276,450	30,480	69,531	100,011	560,995	34.00%	190,738	1,092,480	19.50%	213,034	503,783	497,331
Maine	242,032	5,350	9,339	14,688	109,781	34.00%	37,326	199,760	19.50%	38,953	90,967	89,802
Maryland	1,755,018	78,286	124,620	202,906	733,173	34.00%	249,279	1,598,165	19.50%	311,642	763,827	754,044
Massachusetts	1,830,259	37,122	47,110	84,231	982,020	34.00%	333,887	1,248,025	19.50%	243,365	661,483	653,011
Michigan	2,551,657	63,005	108,433	171,438	1,256,107	34.00%	427,077	2,503,398	19.50%	488,163	1,086,677	1,072,759
Minnesota	1,415,049	40,423	42,667	83,090	668,032	34.00%	227,131	808,056	19.50%	157,571	467,792	461,801
Mississippi	613,738	11,199	36,538	47,737	214,983	34.00%	73,094	412,222	19.50%	80,383	201,215	198,638
Missouri	1,289,460	22,077	73,886	95,963	491,310	34.00%	167,046	880,528	19.50%	171,703	434,712	429,144
Montana	208,558	1,134	6,123	7,257	136,407	34.00%	46,378	192,060	19.50%	37,452	91,087	89,920
Nebraska	365,562	4,720	19,666	24,385	155,687	34.00%	52,934	320,590	19.50%	62,515	139,834	138,043
Nevada	972,507	15,853	34,654	50,507	483,712	34.00%	164,462	607,643	19.50%	118,490	333,459	329,189
New Hampshire	300,019	3,969	9,756	13,725	125,327	34.00%	42,611	180,596	19.50%	35,216	91,553	90,380
New Jersey	3,292,430	109,205	172,193	281,399	1,508,391	34.00%	512,853	2,098,716	19.50%	409,250	1,203,501	1,188,087
New Mexico	556,188	18,085	14,602	32,687	273,938	34.00%	93,139	520,630	19.50%	101,523	227,349	224,437
New York	8,296,127	146,867	684,185	831,052	3,585,521	34.00%	1,219,077	5,582,538	19.50%	1,088,595	3,138,724	3,098,525

Table F1: State and Local Expenditures Attributable to Drug Prohibition, Thousands of 2008 Dollars (North Carolina– Wyoming)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
North Carolina	2,095,971	35,815	94,461	130,276	600,309	34.00%	204,105	1,691,822	19.50%	329,905	664,287	655,779
North Dakota	115,942	1,199	3,363	4,562	65,336	34.00%	22,214	80,892	19.50%	15,774	42,550	42,005
Ohio	2,941,418	51,239	179,521	230,760	1,784,326	34.00%	606,671	2,181,354	19.50%	425,364	1,262,795	1,246,621
Oklahoma	735,199	14,752	43,400	58,152	307,680	34.00%	104,611	691,663	19.50%	134,874	297,638	293,826
Oregon	1,026,248	12,454	60,759	73,213	402,509	34.00%	136,853	1,008,112	19.50%	196,582	406,648	401,440
Pennsylvania	2,773,025	123,004	113,256	236,261	1,605,559	34.00%	545,890	3,057,854	19.50%	596,281	1,378,432	1,360,778
Rhode Island	313,248	6,830	16,867	23,697	165,799	34.00%	56,372	213,056	19.50%	41,546	121,615	120,058
South Carolina	934,259	26,116	56,899	83,015	262,375	34.00%	89,208	678,394	19.50%	132,287	304,509	300,609
South Dakota	144,450	1,451	6,150	7,602	66,888	34.00%	22,742	153,751	19.50%	29,982	60,325	59,553
Tennessee	1,323,771	47,766	70,492	118,258	569,200	34.00%	193,528	979,947	19.50%	191,090	502,876	496,435
Texas	5,333,115	78,109	317,978	396,087	2,178,068	34.00%	740,543	4,844,888	19.50%	944,753	2,081,384	2,054,726
Utah	609,163	7,097	22,465	29,562	320,809	34.00%	109,075	488,178	19.50%	95,195	233,832	230,837
Vermont	148,706	2,178	6,031	8,208	63,130	34.00%	21,464	110,808	19.50%	21,608	51,280	50,623
Virginia	1,899,930	44,362	82,369	126,731	793,351	34.00%	269,739	1,920,758	19.50%	374,548	771,018	761,143
Washington	1,453,032	20,854	74,859	95,712	728,947	34.00%	247,842	1,545,840	19.50%	301,439	644,994	636,733
West Virginia	259,108	5,765	10,628	16,392	211,019	34.00%	71,746	277,985	19.50%	54,207	142,346	140,523
Wisconsin	1,568,674	22,709	37,014	59,723	604,648	34.00%	205,580	1,395,976	19.50%	272,215	537,519	530,635
Wyoming	180,971	1,373	6,424	7,797	91,543	34.00%	31,125	197,050	19.50%	38,425	77,346	76,355
D.C.	539,470	1,091	3,092	4,183	78,637	34.00%	26,736	224,827	19.50%	43,841	74,760	73,803
Total	86,477,797	1,861,200	4,582,710	6,443,910	40,274,839	34.00%	13,693,445	68,541,664	19.50%	13,365,625	33,502,979	33,073,886

Sources
:
1. Police Expenditure and Judicial Budget: 2005-2006 State Government Finance Data, US Census: http://www.census.gov/govs/www/estimate06.html.
2. Felony Convictions: http://ojp.usdoj.gov/bjs/pub/html/scscf04/tables/scs04101tab.htm.
3. Corrections Budget: http://www.census.gov/govs/www/estimate06.html; http://www.albany.edu/sourcebook/pdf/t600012005.pdf.
4. Budgets were originally reported for 2005-2006 and were converted to 2008 dollars with http://www.bls.gov/cpi/home.htm#data.

Table F2: Expenditures Attributable to Heroin/Cocaine Prohibition, Thousands of 2008 Dollars (Alabama – New York)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
Alabama	1,010,521	3,345	11,801	15,146	390,040	15.15%	59,076	707,079	8.69%	61,423	135,645	133,908
Alaska	235,305	665	927	1,592	194,851	15.15%	29,513	231,920	8.69%	20,146	51,251	50,595
Arizona	1,851,136	9,644	9,189	18,834	920,992	15.15%	139,496	1,562,201	8.69%	135,706	294,035	290,269
Arkansas	552,637	2,598	3,111	5,709	238,110	15.15%	36,065	570,381	8.69%	49,548	91,321	90,152
California	14,322,369	156,943	389,115	546,058	8,498,999	15.15%	1,287,280	11,937,225	8.69%	1,036,966	2,870,304	2,833,542
Colorado	1,315,954	5,016	7,869	12,885	517,981	15.15%	78,455	1,094,584	8.69%	95,085	186,424	184,037
Connecticut	989,928	12,545	24,044	36,588	641,939	15.15%	97,230	676,367	8.69%	58,755	192,573	190,107
Delaware	312,680	10,337	3,388	13,725	161,244	15.15%	24,422	267,678	8.69%	23,253	61,400	60,613
Florida	6,483,472	73,809	83,289	157,097	2,309,232	15.15%	349,762	4,427,551	8.69%	384,614	891,473	880,055
Georgia	2,145,788	24,689	34,548	59,237	968,946	15.15%	146,759	2,188,003	8.69%	190,068	396,064	390,991
Hawaii	304,808	976	2,420	3,397	268,042	15.15%	40,598	196,132	8.69%	17,038	61,033	60,251
Idaho	302,081	221	217	437	162,201	15.15%	24,567	285,557	8.69%	24,806	49,811	49,173
Illinois	4,113,112	2,322	3,355	5,677	1,306,906	15.15%	197,947	1,894,067	8.69%	164,534	368,159	363,444
Indiana	1,136,130	11,543	9,234	20,777	458,859	15.15%	69,500	1,021,669	8.69%	88,751	179,027	176,734
Iowa	622,894	971	2,032	3,003	314,297	15.15%	47,604	393,028	8.69%	34,142	84,749	83,663
Kansas	694,335	2,978	4,604	7,582	315,661	15.15%	47,811	411,678	8.69%	35,762	91,154	89,987
Kentucky	723,889	6,051	8,566	14,617	421,019	15.15%	63,769	687,983	8.69%	59,764	138,150	136,380
Louisiana	1,276,450	14,553	16,358	30,910	560,995	15.15%	84,970	1,092,480	8.69%	94,902	210,782	208,082
Maine	242,032	1,807	1,390	3,197	109,781	15.15%	16,628	199,760	8.69%	17,353	37,177	36,701
Maryland	1,755,018	56,737	56,583	113,320	733,173	15.15%	111,048	1,598,165	8.69%	138,830	363,198	358,546
Massachusetts	1,830,259	25,081	16,560	41,641	982,020	15.15%	148,739	1,248,025	8.69%	108,414	298,794	294,967
Michigan	2,551,657	26,563	26,285	52,848	1,256,107	15.15%	190,253	2,503,398	8.69%	217,466	460,567	454,668
Minnesota	1,415,049	4,061	9,215	13,276	668,032	15.15%	101,182	808,056	8.69%	70,194	184,653	182,288
Mississippi	613,738	4,815	9,022	13,837	214,983	15.15%	32,562	412,222	8.69%	35,809	82,208	81,155
Missouri	1,289,460	2,638	5,982	8,620	491,310	15.15%	74,415	880,528	8.69%	76,490	159,525	157,482
Montana	208,558	148	170	319	136,407	15.15%	20,661	192,060	8.69%	16,684	37,663	37,181
Nebraska	365,562	823	860	1,683	155,687	15.15%	23,581	320,590	8.69%	27,849	53,113	52,433
Nevada	972,507	5,832	4,784	10,616	483,712	15.15%	73,264	607,643	8.69%	52,785	136,665	134,915
New Hampshire	300,019	867	1,176	2,043	125,327	15.15%	18,982	180,596	8.69%	15,688	36,714	36,244
New Jersey	3,292,430	76,409	73,102	149,512	1,508,391	15.15%	228,465	2,098,716	8.69%	182,312	560,288	553,112
New Mexico	556,188	10,871	840	11,711	273,938	15.15%	41,491	520,630	8.69%	45,226	98,428	97,168
New York	8,296,127	69,997	92,669	162,666	3,585,521	15.15%	543,072	5,582,538	8.69%	484,945	1,190,684	1,175,434

Table F2: Expenditures Attributable to Heroin/Cocaine Prohibition, Thousands of 2008 Dollars (North Carolina– Wyoming)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
North Carolina	2,095,971	21,697	28,188	49,885	600,309	15.15%	90,924	1,691,822	8.69%	146,966	287,775	284,089
North Dakota	115,942	140	110	250	65,336	15.15%	9,896	80,892	8.69%	7,027	17,173	16,953
Ohio	2,941,418	26,364	55,828	82,192	1,784,326	15.15%	270,259	2,181,354	8.69%	189,490	541,941	535,000
Oklahoma	735,199	2,355	6,321	8,676	307,680	15.15%	46,602	691,663	8.69%	60,084	115,362	113,884
Oregon	1,026,248	3,699	10,124	13,823	402,509	15.15%	60,965	1,008,112	8.69%	87,573	162,361	160,281
Pennsylvania	2,773,025	79,522	38,208	117,730	1,605,559	15.15%	243,182	3,057,854	8.69%	265,630	626,542	618,518
Rhode Island	313,248	4,217	4,699	8,916	165,799	15.15%	25,112	213,056	8.69%	18,508	52,536	51,863
South Carolina	934,259	14,915	14,341	29,255	262,375	15.15%	39,740	678,394	8.69%	58,931	127,926	126,288
South Dakota	144,450	144	261	405	66,888	15.15%	10,131	153,751	8.69%	13,356	23,892	23,586
Tennessee	1,323,771	17,725	14,771	32,496	569,200	15.15%	86,213	979,947	8.69%	85,126	203,834	201,224
Texas	5,333,115	22,744	90,160	112,904	2,178,068	15.15%	329,896	4,844,888	8.69%	420,867	863,666	852,605
Utah	609,163	2,925	3,779	6,704	320,809	15.15%	48,591	488,178	8.69%	42,407	97,702	96,451
Vermont	148,706	773	680	1,453	63,130	15.15%	9,562	110,808	8.69%	9,626	20,641	20,376
Virginia	1,899,930	23,693	20,463	44,156	793,351	15.15%	120,163	1,920,758	8.69%	166,853	331,172	326,930
Washington	1,453,032	3,897	7,386	11,283	728,947	15.15%	110,408	1,545,840	8.69%	134,284	255,976	252,697
West Virginia	259,108	2,407	1,947	4,354	211,019	15.15%	31,961	277,985	8.69%	24,148	60,463	59,689
Wisconsin	1,568,674	9,801	3,457	13,258	604,648	15.15%	91,582	1,395,976	8.69%	121,266	226,106	223,210
Wyoming	180,971	132	259	391	91,543	15.15%	13,865	197,050	8.69%	17,117	31,374	30,972
D.C.	539,470	182	591	773	78,637	15.15%	11,911	224,827	8.69%	19,530	32,214	31,801
Total	86,477,797	863,187	1,214,277	2,077,463	40,274,839	15.15%	6,100,131	68,541,664	8.69%	5,954,094	14,131,688	13,950,695

Sources:
1. Police Expenditure and Judicial Budget: 2005-2006 State Government Finance Data, US Census: http://www.census.gov/govs/www/estimate06.html.
2. Felony Convictions: http://ojp.usdoj.gov/bjs/pub/html/scscf04/tables/scs04101tab.htm.
3. Corrections Budget: http://www.census.gov/govs/www/estimate06.html; http://www.albany.edu/sourcebook/pdf/t600012005.pdf.
4. Budgets were originally reported for 2005-2006 and were converted to 2008 dollars with http://www.bls.gov/cpi/home.htm#data.

Appendix Table F3: Expenditures Attributable to Marijuana Prohibition, Thousands of 2008 Dollars (Alabama – New York)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
Alabama	1,010,521	663	24,098	24,761	390,040	9.64%	37,588	707,079	5.53%	39,081	101,430	100,131
Alaska	235,305	659	2,635	3,294	194,851	9.64%	18,778	231,920	5.53%	12,818	34,890	34,443
Arizona	1,851,136	9,472	51,497	60,969	920,992	9.64%	88,756	1,562,201	5.53%	86,345	236,070	233,046
Arkansas	552,637	3,445	15,518	18,963	238,110	9.64%	22,947	570,381	5.53%	31,526	73,435	72,495
California	14,322,369	137,759	274,811	412,570	8,498,999	9.64%	819,050	11,937,225	5.53%	659,784	1,891,404	1,867,180
Colorado	1,315,954	3,841	32,870	36,711	517,981	9.64%	49,918	1,094,584	5.53%	60,499	147,128	145,243
Connecticut	989,928	5,585	27,396	32,981	641,939	9.64%	61,864	676,367	5.53%	37,384	132,228	130,534
Delaware	312,680	4,393	9,762	14,156	161,244	9.64%	15,539	267,678	5.53%	14,795	44,490	43,920
Florida	6,483,472	23,294	90,253	113,548	2,309,232	9.64%	222,541	4,427,551	5.53%	244,716	580,804	573,366
Georgia	2,145,788	25,937	73,906	99,843	968,946	9.64%	93,377	2,188,003	5.53%	120,933	314,154	310,130
Hawaii	304,808	5,737	5,060	10,797	268,042	9.64%	25,831	196,132	5.53%	10,840	47,468	46,860
Idaho	302,081	879	6,802	7,681	162,201	9.64%	15,631	285,557	5.53%	15,783	39,096	38,595
Illinois	4,113,112	1,613	5,828	7,441	1,306,906	9.64%	125,947	1,894,067	5.53%	104,687	238,075	235,025
Indiana	1,136,130	8,205	30,836	39,041	458,859	9.64%	44,220	1,021,669	5.53%	56,469	139,730	137,940
Iowa	622,894	2,067	16,918	18,985	314,297	9.64%	30,289	393,028	5.53%	21,723	70,997	70,088
Kansas	694,335	5,336	20,500	25,837	315,661	9.64%	30,420	411,678	5.53%	22,754	79,011	77,999
Kentucky	723,889	8,430	41,303	49,733	421,019	9.64%	40,574	687,983	5.53%	38,026	128,332	126,689
Louisiana	1,276,450	8,817	43,121	51,938	560,995	9.64%	54,063	1,092,480	5.53%	60,383	166,384	164,253
Maine	242,032	1,845	5,899	7,743	109,781	9.64%	10,580	199,760	5.53%	11,041	29,364	28,988
Maryland	1,755,018	15,761	65,114	80,875	733,173	9.64%	70,656	1,598,165	5.53%	88,332	239,863	236,791
Massachusetts	1,830,259	9,297	26,872	36,169	982,020	9.64%	94,637	1,248,025	5.53%	68,980	199,786	197,228
Michigan	2,551,657	25,714	66,439	92,154	1,256,107	9.64%	121,051	2,503,398	5.53%	138,366	351,571	347,068
Minnesota	1,415,049	26,022	25,070	51,092	668,032	9.64%	64,378	808,056	5.53%	44,662	160,132	158,081
Mississippi	613,738	3,052	20,074	23,126	214,983	9.64%	20,718	412,222	5.53%	22,784	66,628	65,774
Missouri	1,289,460	7,822	46,087	53,909	491,310	9.64%	47,348	880,528	5.53%	48,668	149,924	148,004
Montana	208,558	637	4,703	5,341	136,407	9.64%	13,146	192,060	5.53%	10,615	29,102	28,729
Nebraska	365,562	1,337	15,375	16,711	155,687	9.64%	15,004	320,590	5.53%	17,719	49,434	48,801
Nevada	972,507	4,246	20,674	24,921	483,712	9.64%	46,615	607,643	5.53%	33,585	105,121	103,775
New Hampshire	300,019	2,610	7,443	10,052	125,327	9.64%	12,078	180,596	5.53%	9,982	32,112	31,701
New Jersey	3,292,430	26,268	86,554	112,821	1,508,391	9.64%	145,364	2,098,716	5.53%	115,998	374,183	369,391
New Mexico	556,188	2,282	10,442	12,724	273,938	9.64%	26,399	520,630	5.53%	28,776	67,899	67,030
New York	8,296,127	26,745	446,620	473,364	3,585,521	9.64%	345,537	5,582,538	5.53%	308,553	1,127,455	1,113,015

Appendix Table F3: Expenditures Attributable to Marijuana Prohibition, Thousands of 2008 Dollars (North Carolina– Wyoming)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
North Carolina	2,095,971	12,159	58,473	70,633	600,309	9.64%	57,852	1,691,822	5.53%	93,509	221,994	219,151
North Dakota	115,942	589	2,579	3,168	65,336	9.64%	6,296	80,892	5.53%	4,471	13,935	13,757
Ohio	2,941,418	15,823	96,979	112,802	1,784,326	9.64%	171,956	2,181,354	5.53%	120,566	405,324	400,132
Oklahoma	735,199	5,783	26,925	32,707	307,680	9.64%	29,651	691,663	5.53%	38,229	100,587	99,299
Oregon	1,026,248	3,845	29,579	33,423	402,509	9.64%	38,790	1,008,112	5.53%	55,719	127,933	126,294
Pennsylvania	2,773,025	31,486	58,700	90,187	1,605,559	9.64%	154,728	3,057,854	5.53%	169,011	413,926	408,624
Rhode Island	313,248	2,126	11,163	13,289	165,799	9.64%	15,978	213,056	5.53%	11,776	41,043	40,517
South Carolina	934,259	7,659	36,892	44,551	262,375	9.64%	25,285	678,394	5.53%	37,496	107,332	105,957
South Dakota	144,450	898	5,140	6,038	66,888	9.64%	6,446	153,751	5.53%	8,498	20,982	20,713
Tennessee	1,323,771	17,872	41,343	59,215	569,200	9.64%	54,854	979,947	5.53%	54,163	168,232	166,077
Texas	5,333,115	8,598	166,557	175,155	2,178,068	9.64%	209,901	4,844,888	5.53%	267,782	652,839	644,477
Utah	609,163	1,354	9,974	11,327	320,809	9.64%	30,916	488,178	5.53%	26,982	69,226	68,339
Vermont	148,706	711	3,715	4,426	63,130	9.64%	6,084	110,808	5.53%	6,124	16,635	16,421
Virginia	1,899,930	13,074	53,148	66,222	793,351	9.64%	76,455	1,920,758	5.53%	106,162	248,840	245,653
Washington	1,453,032	7,871	37,863	45,734	728,947	9.64%	70,249	1,545,840	5.53%	85,440	201,423	198,843
West Virginia	259,108	1,892	6,484	8,376	211,019	9.64%	20,336	277,985	5.53%	15,365	44,076	43,512
Wisconsin	1,568,674	8,833	28,534	37,366	604,648	9.64%	58,270	1,395,976	5.53%	77,157	172,793	170,580
Wyoming	180,971	686	4,651	5,337	91,543	9.64%	8,822	197,050	5.53%	10,891	25,050	24,729
D.C.	539,470	727	2,364	3,092	78,637	9.64%	7,578	224,827	5.53%	12,426	23,096	22,800
Total	86,477,797	551,755	2,301,542	2,853,297	551,755	9.64%	3,881,294	3,881,294	5.53%	3,788,376	10,522,967	10,388,193

Sources:

1. Police Expenditure and Judicial Budget: 2005-2006 State Government Finance Data, US Census: http://www.census.gov/govs/www/estimate06.html.
2. Felony Convictions: http://ojp.usdoj.gov/bjs/pub/html/scscf04/tables/scs04101tab.htm.
3. Corrections Budget: http://www.census.gov/govs/www/estimate06.html; http://www.albany.edu/sourcebook/pdf/t600012005.pdf.
4. Budgets were originally reported for 2005-2006 and were converted to 2008 dollars with http://www.bls.gov/cpi/home.htm#data.

Appendix Table F4: Expenditures Attributable to Synthetic Prohibition, Thousands of 2008 Dollars (Alabama – New York)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
Alabama	1,010,521	870	2,588	3,459	390,040	2.85%	11,099	707,079	1.63%	11,540	26,098	25,764
Alaska	235,305	195	445	640	194,851	2.85%	5,545	231,920	1.63%	3,785	9,970	9,843
Arizona	1,851,136	4,670	9,690	14,360	920,992	2.85%	26,208	1,562,201	1.63%	25,496	66,064	65,218
Arkansas	552,637	1,293	1,619	2,913	238,110	2.85%	6,776	570,381	1.63%	9,309	18,998	18,754
California	14,322,369	132,498	0	132,498	8,498,999	2.85%	241,853	11,937,225	1.63%	194,824	569,174	561,885
Colorado	1,315,954	713	1,020	1,733	517,981	2.85%	14,740	1,094,584	1.63%	17,864	34,338	33,898
Connecticut	989,928	692	2,162	2,854	641,939	2.85%	18,267	676,367	1.63%	11,039	32,160	31,748
Delaware	312,680	499	412	911	161,244	2.85%	4,588	267,678	1.63%	4,369	9,868	9,742
Florida	6,483,472	1,514	2,173	3,687	2,309,232	2.85%	65,713	4,427,551	1.63%	72,261	141,660	139,846
Georgia	2,145,788	4,418	7,785	12,203	968,946	2.85%	27,573	2,188,003	1.63%	35,710	75,486	74,519
Hawaii	304,808	54	365	419	268,042	2.85%	7,628	196,132	1.63%	3,201	11,247	11,103
Idaho	302,081	57	198	255	162,201	2.85%	4,616	285,557	1.63%	4,660	9,532	9,410
Illinois	4,113,112	108	129	237	1,306,906	2.85%	37,190	1,894,067	1.63%	30,912	68,339	67,464
Indiana	1,136,130	2,373	2,937	5,310	458,859	2.85%	13,058	1,021,669	1.63%	16,674	35,042	34,593
Iowa	622,894	65	372	437	314,297	2.85%	8,944	393,028	1.63%	6,414	15,795	15,593
Kansas	694,335	225	615	841	315,661	2.85%	8,983	411,678	1.63%	6,719	16,542	16,331
Kentucky	723,889	793	3,286	4,079	421,019	2.85%	11,981	687,983	1.63%	11,228	27,288	26,939
Louisiana	1,276,450	2,059	4,085	6,144	560,995	2.85%	15,964	1,092,480	1.63%	17,830	39,938	39,426
Maine	242,032	507	683	1,191	109,781	2.85%	3,124	199,760	1.63%	3,260	7,575	7,478
Maryland	1,755,018	5,013	1,454	6,468	733,173	2.85%	20,864	1,598,165	1.63%	26,083	53,414	52,730
Massachusetts	1,830,259	1,646	1,658	3,305	982,020	2.85%	27,945	1,248,025	1.63%	20,369	51,618	50,957
Michigan	2,551,657	1,713	3,284	4,997	1,256,107	2.85%	35,745	2,503,398	1.63%	40,857	81,599	80,553
Minnesota	1,415,049	348	1,575	1,922	668,032	2.85%	19,010	808,056	1.63%	13,188	34,120	33,683
Mississippi	613,738	1,526	2,728	4,254	214,983	2.85%	6,118	412,222	1.63%	6,728	17,099	16,880
Missouri	1,289,460	3,423	3,707	7,130	491,310	2.85%	13,981	880,528	1.63%	14,371	35,482	35,027
Montana	208,558	126	211	337	136,407	2.85%	3,882	192,060	1.63%	3,135	7,353	7,259
Nebraska	365,562	666	492	1,158	155,687	2.85%	4,430	320,590	1.63%	5,232	10,821	10,682
Nevada	972,507	2,510	6,840	9,350	483,712	2.85%	13,765	607,643	1.63%	9,917	33,032	32,609
New Hampshire	300,019	211	387	598	125,327	2.85%	3,566	180,596	1.63%	2,947	7,112	7,021
New Jersey	3,292,430	3,835	4,010	7,845	1,508,391	2.85%	42,924	2,098,716	1.63%	34,253	85,021	83,932
New Mexico	556,188	4,436	2,098	6,534	273,938	2.85%	7,795	520,630	1.63%	8,497	22,826	22,534
New York	8,296,127	4,109	8,819	12,928	3,585,521	2.85%	102,032	5,582,538	1.63%	91,111	206,070	203,431

Appendix Table F4: Expenditures Attributable to Synthetic Prohibition, Thousands of 2008 Dollars (North Carolina– Wyoming)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
North Carolina	2,095,971	766	2,689	3,455	600,309	2.85%	17,083	1,691,822	1.63%	27,612	48,150	47,533
North Dakota	115,942	55	106	161	65,336	2.85%	1,859	80,892	1.63%	1,320	3,340	3,298
Ohio	2,941,418	2,028	5,815	7,843	1,784,326	2.85%	50,776	2,181,354	1.63%	35,601	94,220	93,013
Oklahoma	735,199	4,196	6,235	10,431	307,680	2.85%	8,756	691,663	1.63%	11,288	30,475	30,085
Oregon	1,026,248	341	2,793	3,134	402,509	2.85%	11,454	1,008,112	1.63%	16,453	31,042	30,644
Pennsylvania	2,773,025	7,946	5,482	13,428	1,605,559	2.85%	45,689	3,057,854	1.63%	49,906	109,023	107,626
Rhode Island	313,248	221	319	540	165,799	2.85%	4,718	213,056	1.63%	3,477	8,735	8,624
South Carolina	934,259	464	1,384	1,848	262,375	2.85%	7,466	678,394	1.63%	11,072	20,386	20,125
South Dakota	144,450	80	156	237	66,888	2.85%	1,903	153,751	1.63%	2,509	4,649	4,590
Tennessee	1,323,771	3,670	4,135	7,805	569,200	2.85%	16,197	979,947	1.63%	15,993	39,996	39,483
Texas	5,333,115	39,101	22,165	61,266	2,178,068	2.85%	61,980	4,844,888	1.63%	79,072	202,318	199,727
Utah	609,163	380	836	1,217	320,809	2.85%	9,129	488,178	1.63%	7,967	18,313	18,079
Vermont	148,706	142	347	489	63,130	2.85%	1,796	110,808	1.63%	1,808	4,094	4,041
Virginia	1,899,930	2,728	1,612	4,340	793,351	2.85%	22,576	1,920,758	1.63%	31,348	58,264	57,518
Washington	1,453,032	4,125	11,102	15,227	728,947	2.85%	20,743	1,545,840	1.63%	25,229	61,200	60,416
West Virginia	259,108	487	1,037	1,524	211,019	2.85%	6,005	277,985	1.63%	4,537	12,066	11,911
Wisconsin	1,568,674	1,494	1,382	2,876	604,648	2.85%	17,206	1,395,976	1.63%	22,783	42,865	42,316
Wyoming	180,971	405	757	1,162	91,543	2.85%	2,605	197,050	1.63%	3,216	6,983	6,893
D.C.	539,470	0	0	0	78,637	2.85%	2,238	224,827	1.63%	3,669	5,907	5,831
Total	86,477,797	251,795	146,181	397,977	40,274,839	2.85%	1,146,085	68,541,664	1.63%	1,118,647	2,662,709	2,628,606

Sources:

1. Police Expenditure and Judicial Budget: 2005-2006 State Government Finance Data, US Census: http://www.census.gov/govs/www/estimate06.html.

2. Felony Convictions: http://ojp.usdoj.gov/bjs/pub/html/scscf04/tables/scs04101tab.htm.

3. Corrections Budget: http://www.census.gov/govs/www/estimate06.html; http://www.albany.edu/sourcebook/pdf/t600012005.pdf.

4. Budgets were originally reported for 2005-2006 and were converted to 2008 dollars with http://www.bls.gov/cpi/home.htm#data.

Appendix Table F5: Expenditures Attributable to Prohibition of Other Drugs, Thousands of 2008 Dollars (Alabama – New York)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
Alabama	1,010,521	1,781	2,588	3,757	390,040	6.34%	24,745	707,079	3.64%	25,728	54,230	53,536
Alaska	235,305	323	445	784	194,851	6.34%	12,362	231,920	3.64%	8,439	21,584	21,308
Arizona	1,851,136	5,090	9,690	24,059	920,992	6.34%	58,430	1,562,201	3.64%	56,842	139,331	137,546
Arkansas	552,637	3,701	1,619	11,860	238,110	6.34%	15,106	570,381	3.64%	20,754	47,720	47,109
California	14,322,369	132,498	0	613,241	8,498,999	6.34%	539,195	11,937,225	3.64%	434,347	1,586,783	1,566,460
Colorado	1,315,954	2,479	1,020	10,964	517,981	6.34%	32,862	1,094,584	3.64%	39,827	83,654	82,582
Connecticut	989,928	568	2,162	2,393	641,939	6.34%	40,726	676,367	3.64%	24,610	67,729	66,862
Delaware	312,680	945	412	1,633	161,244	6.34%	10,230	267,678	3.64%	9,740	21,603	21,326
Florida	6,483,472	777	2,173	2,723	2,309,232	6.34%	146,503	4,427,551	3.64%	161,101	310,326	306,351
Georgia	2,145,788	15,403	7,785	22,789	968,946	6.34%	61,472	2,188,003	3.64%	79,613	163,873	161,774
Hawaii	304,808	2,177	365	3,802	268,042	6.34%	17,005	196,132	3.64%	7,136	27,943	27,586
Idaho	302,081	1,316	198	4,822	162,201	6.34%	10,290	285,557	3.64%	10,390	25,502	25,176
Illinois	4,113,112	86	129	376	1,306,906	6.34%	82,913	1,894,067	3.64%	68,917	152,207	150,257
Indiana	1,136,130	2,911	2,937	8,988	458,859	6.34%	29,111	1,021,669	3.64%	37,174	75,274	74,310
Iowa	622,894	1,134	372	4,530	314,297	6.34%	19,940	393,028	3.64%	14,301	38,770	38,274
Kansas	694,335	3,767	615	9,757	315,661	6.34%	20,026	411,678	3.64%	14,979	44,762	44,189
Kentucky	723,889	3,785	3,286	12,136	421,019	6.34%	26,710	687,983	3.64%	25,033	63,879	63,061
Louisiana	1,276,450	5,052	4,085	11,019	560,995	6.34%	35,591	1,092,480	3.64%	39,751	86,361	85,255
Maine	242,032	1,191	683	2,557	109,781	6.34%	6,965	199,760	3.64%	7,268	16,791	16,576
Maryland	1,755,018	774	1,454	2,244	733,173	6.34%	46,514	1,598,165	3.64%	58,151	106,908	105,539
Massachusetts	1,830,259	1,097	1,658	3,117	982,020	6.34%	62,302	1,248,025	3.64%	45,411	110,829	109,409
Michigan	2,551,657	9,015	3,284	21,439	1,256,107	6.34%	79,690	2,503,398	3.64%	91,089	192,218	189,756
Minnesota	1,415,049	9,993	1,575	16,800	668,032	6.34%	42,381	808,056	3.64%	29,402	88,583	87,449
Mississippi	613,738	1,807	2,728	6,521	214,983	6.34%	13,639	412,222	3.64%	14,999	35,159	34,709
Missouri	1,289,460	8,195	3,707	26,305	491,310	6.34%	31,170	880,528	3.64%	32,039	89,513	88,367
Montana	208,558	222	211	1,260	136,407	6.34%	8,654	192,060	3.64%	6,988	16,902	16,686
Nebraska	365,562	1,894	492	4,833	155,687	6.34%	9,877	320,590	3.64%	11,665	26,375	26,037
Nevada	972,507	3,265	6,840	5,620	483,712	6.34%	30,688	607,643	3.64%	22,110	58,418	57,669
New Hampshire	300,019	281	387	1,031	125,327	6.34%	7,951	180,596	3.64%	6,571	15,554	15,354
New Jersey	3,292,430	2,694	4,010	11,221	1,508,391	6.34%	95,696	2,098,716	3.64%	76,364	183,280	180,933
New Mexico	556,188	496	2,098	1,719	273,938	6.34%	17,379	520,630	3.64%	18,944	38,041	37,554
New York	8,296,127	46,016	8,819	182,094	3,585,521	6.34%	227,473	5,582,538	3.64%	203,126	612,693	604,846

Appendix Table F5: Expenditures Attributable to Prohibition of Other Drugs, Thousands of 2008 Dollars (North Carolina– Wyoming)

State	Total Police Expend	Expend on S/M	Expend on Possession	Police Expend on Drug	Total Judicial Expend	% Felony Conviction, Drug Violations	Judiciary Expend on Drug Violations	Corrections, Expend Total	% Corrections, Drug Violations	Corrections, Expend on Drug Violations	Gross S/L Expend	Net S/L Expend
North Carolina	2,095,971	1,193	2,689	6,303	600,309	6.34%	38,085	1,691,822	3.64%	61,559	105,947	104,590
North Dakota	115,942	415	106	983	65,336	6.34%	4,145	80,892	3.64%	2,943	8,072	7,968
Ohio	2,941,418	7,024	5,815	27,923	1,784,326	6.34%	113,202	2,181,354	3.64%	79,371	220,495	217,671
Oklahoma	735,199	2,419	6,235	6,337	307,680	6.34%	19,520	691,663	3.64%	25,167	51,024	50,371
Oregon	1,026,248	4,569	2,793	22,833	402,509	6.34%	25,536	1,008,112	3.64%	36,681	85,050	83,960
Pennsylvania	2,773,025	4,050	5,482	14,916	1,605,559	6.34%	101,860	3,057,854	3.64%	111,263	228,039	225,118
Rhode Island	313,248	267	319	953	165,799	6.34%	10,519	213,056	3.64%	7,752	19,223	18,977
South Carolina	934,259	3,078	1,384	7,361	262,375	6.34%	16,646	678,394	3.64%	24,684	48,691	48,067
South Dakota	144,450	329	156	922	66,888	6.34%	4,244	153,751	3.64%	5,594	10,760	10,622
Tennessee	1,323,771	8,500	4,135	18,743	569,200	6.34%	36,111	979,947	3.64%	35,656	90,511	89,351
Texas	5,333,115	7,666	22,165	46,762	2,178,068	6.34%	138,181	4,844,888	3.64%	176,286	361,230	356,603
Utah	609,163	2,438	836	10,314	320,809	6.34%	20,353	488,178	3.64%	17,763	48,429	47,809
Vermont	148,706	551	347	1,840	63,130	6.34%	4,005	110,808	3.64%	4,032	9,877	9,750
Virginia	1,899,930	4,867	1,612	12,013	793,351	6.34%	50,332	1,920,758	3.64%	69,889	132,234	130,540
Washington	1,453,032	4,961	11,102	23,469	728,947	6.34%	46,246	1,545,840	3.64%	56,247	125,962	124,348
West Virginia	259,108	979	1,037	2,138	211,019	6.34%	13,387	277,985	3.64%	10,115	25,640	25,312
Wisconsin	1,568,674	2,582	1,382	6,223	604,648	6.34%	38,360	1,395,976	3.64%	50,794	95,377	94,156
Wyoming	180,971	150	757	907	91,543	6.34%	5,808	197,050	3.64%	7,170	13,884	13,707
D.C.	539,470	182	0	318	78,637	6.34%	4,989	224,827	3.64%	8,181	13,488	13,315
Total	86,477,797	326,952	146,181	1,247,652	40,274,839	6.34%	2,555,123	68,541,664	3.64%	2,493,953	6,296,728	6,216,082

Source:

1. Police Expenditure and Judicial Budget: 2005-2006 State Government Finance Data, US Census: http://www.census.gov/govs/www/estimate06.html.
2. Felony Convictions: http://ojp.usdoj.gov/bjs/pub/html/scscf04/tables/scs04101tab.htm.
3. Corrections Budget: http://www.census.gov/govs/www/estimate06.html; http://www.albany.edu/sourcebook/pdf/t600012005.pdf.
4. Budgets were originally reported for 2005-2006 and were converted to 2008 dollars with http://www.bls.gov/cpi/home.htm#data.

Appendix Table G1: State Drug Tax Revenue - Population Method in Millions of 2008 Dollars

State	Population	Proportion of Population	All Drugs	Heroin	Marijuana	Cocaine	Other
All States	303,467,891	100.00%	11,448.31	1,738.44	2,138.47	6,234.11	1,337.28
Alabama	4,661,900	1.54%	175.87	26.71	32.85	95.77	20.54
Alaska	686,293	0.23%	25.89	3.93	4.84	14.10	3.02
Arizona	6,500,180	2.14%	245.22	37.24	45.81	133.53	28.64
Arkansas	2,855,390	0.94%	107.72	16.36	20.12	58.66	12.58
California	36,756,666	12.11%	1,386.64	210.56	259.02	755.09	161.97
Colorado	4,939,456	1.63%	186.34	28.30	34.81	101.47	21.77
Connecticut	3,501,252	1.15%	132.08	20.06	24.67	71.93	15.43
Delaware	873,092	0.29%	32.94	5.00	6.15	17.94	3.85
Florida	18,328,340	6.04%	691.44	105.00	129.16	376.52	80.77
Georgia	9,685,744	3.19%	365.39	55.49	68.25	198.97	42.68
Hawaii	1,288,198	0.42%	48.60	7.38	9.08	26.46	5.68
Idaho	1,523,816	0.50%	57.49	8.73	10.74	31.30	6.71
Illinois	12,901,563	4.25%	486.71	73.91	90.91	265.04	56.85
Indiana	6,376,792	2.10%	240.56	36.53	44.94	131.00	28.10
Iowa	3,002,555	0.99%	113.27	17.20	21.16	61.68	13.23
Kansas	2,802,134	0.92%	105.71	16.05	19.75	57.56	12.35
Kentucky	4,269,245	1.41%	161.06	24.46	30.08	87.70	18.81
Louisiana	4,410,796	1.45%	166.40	25.27	31.08	90.61	19.44
Maine	1,316,456	0.43%	49.66	7.54	9.28	27.04	5.80
Maryland	5,633,597	1.86%	212.53	32.27	39.70	115.73	24.83
Massachusetts	6,497,967	2.14%	245.14	37.22	45.79	133.49	28.63
Michigan	10,003,422	3.30%	377.38	57.31	70.49	205.50	44.08
Minnesota	5,220,393	1.72%	196.94	29.91	36.79	107.24	23.00
Mississippi	2,938,618	0.97%	110.86	16.83	20.71	60.37	12.95
Missouri	5,911,605	1.95%	223.02	33.87	41.66	121.44	26.05
Montana	967,440	0.32%	36.50	5.54	6.82	19.87	4.26
Nebraska	1,783,432	0.59%	67.28	10.22	12.57	36.64	7.86
Nevada	2,600,167	0.86%	98.09	14.90	18.32	53.41	11.46
New Hampshire	1,315,809	0.43%	49.64	7.54	9.27	27.03	5.80
New Jersey	8,682,661	2.86%	327.55	49.74	61.18	178.37	38.26
New Mexico	1,984,356	0.65%	74.86	11.37	13.98	40.76	8.74
New York	19,490,297	6.42%	735.27	111.65	137.34	400.39	85.89
North Carolina	9,222,414	3.04%	347.92	52.83	64.99	189.46	40.64
North Dakota	641,481	0.21%	24.20	3.67	4.52	13.18	2.83
Ohio	11,485,910	3.78%	433.31	65.80	80.94	235.95	50.61
Oklahoma	3,642,361	1.20%	137.41	20.87	25.67	74.82	16.05
Oregon	3,790,060	1.25%	142.98	21.71	26.71	77.86	16.70
Pennsylvania	12,448,279	4.10%	469.61	71.31	87.72	255.72	54.86
Rhode Island	1,050,788	0.35%	39.64	6.02	7.40	21.59	4.63
South Carolina	4,479,800	1.48%	169.00	25.66	31.57	92.03	19.74
South Dakota	804,194	0.27%	30.34	4.61	5.67	16.52	3.54
Tennessee	6,214,888	2.05%	234.46	35.60	43.79	127.67	27.39
Texas	24,326,974	8.02%	917.73	139.36	171.43	499.75	107.20
Utah	2,736,424	0.90%	103.23	15.68	19.28	56.21	12.06
Vermont	621,270	0.20%	23.44	3.56	4.38	12.76	2.74
Virginia	7,769,089	2.56%	293.09	44.51	54.75	159.60	34.24
Washington	6,549,224	2.16%	247.07	37.52	46.15	134.54	28.86
West Virginia	1,814,468	0.60%	68.45	10.39	12.79	37.27	8.00
Wisconsin	5,627,967	1.85%	212.31	32.24	39.66	115.61	24.80
Wyoming	532,668	0.18%	20.09	3.05	3.75	10.94	2.35
D.C.	591,833	0.20%	22.33	3.39	4.17	12.16	2.61

Sources:

1. State population estimates (2008): http://www.census.gov/popest/national/files/NST-EST2008-alldata.csv

Appendix Table G2: State Drug Tax Revenue - Consumption Method in Millions of 2008 Dollars

	Use Proportion				Tax Revenue			
State	All Drugs	Marijuana	Cocaine	Other*	All Drugs***	Marijuana	Cocaine	Other*
All States	100.000%	100.00%	100.00%	100.00%	11,448.31	2,138.47	6,234.11	9,309.84
Alabama	1.319%	1.20%	1.29%	1.56%	151.02	25.59	80.54	145.64
Alaska	0.298%	0.31%	0.26%	0.23%	34.16	6.53	16.28	21.27
Arizona	2.389%	1.96%	2.85%	3.10%	273.54	41.91	177.67	288.16
Arkansas	0.991%	0.93%	0.87%	1.20%	113.41	19.87	54.49	111.91
California	13.541%	9.43%	12.31%	12.68%	1,550.18	201.74	767.73	1,180.76
Colorado	2.192%	2.20%	2.15%	1.94%	250.90	46.97	133.74	180.89
Connecticut	1.123%	1.06%	1.16%	0.98%	128.51	22.57	72.53	90.82
Delaware	0.302%	0.28%	0.30%	0.29%	34.60	6.07	18.76	26.57
Florida	5.706%	6.64%	5.81%	6.12%	653.21	142.05	362.34	569.64
Georgia	2.941%	4.06%	3.43%	2.77%	336.67	86.75	213.96	257.47
Hawaii	0.389%	0.47%	0.35%	0.31%	44.48	10.09	21.59	28.76
Idaho	0.456%	0.55%	0.36%	0.44%	52.26	11.73	22.66	41.24
Illinois	3.828%	3.93%	4.23%	3.68%	438.28	83.98	263.93	342.95
Indiana	2.174%	2.03%	1.93%	2.23%	248.84	43.44	120.04	207.41
Iowa	0.632%	0.88%	0.74%	0.67%	72.36	18.72	45.94	61.97
Kansas	0.837%	0.78%	0.87%	0.90%	95.84	16.69	53.95	83.94
Kentucky	1.391%	1.31%	1.25%	1.44%	159.28	28.05	77.79	134.40
Louisiana	1.455%	1.40%	1.56%	1.79%	166.60	30.02	97.43	166.84
Maine	0.512%	0.31%	0.41%	0.37%	58.57	6.64	25.46	34.78
Maryland	1.603%	1.76%	1.83%	1.69%	183.55	37.68	113.79	156.99
Massachusetts	2.575%	2.10%	2.68%	2.29%	294.83	44.94	167.00	213.44
Michigan	3.693%	3.23%	2.80%	3.32%	422.81	69.04	174.55	309.30
Minnesota	1.758%	2.12%	1.64%	1.45%	201.29	45.43	102.31	135.42
Mississippi	0.847%	0.92%	0.66%	0.95%	96.97	19.67	41.17	88.03
Missouri	1.912%	2.57%	1.79%	2.12%	218.91	54.99	111.28	197.02
Montana	0.404%	0.37%	0.31%	0.32%	46.23	7.94	19.29	29.91
Nebraska	0.486%	0.65%	0.47%	0.50%	55.63	13.87	29.13	46.12
Nevada	0.947%	0.65%	0.85%	0.93%	108.45	13.97	53.19	86.45
New Hampshire	0.524%	0.42%	0.47%	0.40%	60.01	9.03	29.18	37.09
New Jersey	2.278%	3.49%	2.25%	2.25%	260.75	74.60	140.31	209.19
New Mexico	0.769%	0.56%	0.76%	0.67%	88.01	11.92	47.42	62.47
New York	7.164%	6.40%	7.44%	6.07%	820.18	136.81	464.05	565.06
North Carolina	2.669%	4.11%	3.06%	2.86%	305.60	87.88	191.04	265.89
North Dakota	0.161%	0.19%	0.15%	0.14%	18.43	4.02	9.54	13.24
Ohio	3.650%	4.15%	3.99%	3.42%	417.87	88.70	248.79	318.24
Oklahoma	1.250%	1.37%	0.93%	1.44%	143.15	29.23	58.23	134.26
Oregon	1.559%	1.13%	1.23%	1.38%	178.46	24.09	76.88	128.75
Pennsylvania	3.517%	3.45%	3.40%	3.34%	402.69	73.73	211.85	310.91
Rhode Island	0.530%	0.36%	0.60%	0.50%	60.73	7.75	37.12	46.50
South Carolina	1.188%	1.23%	1.28%	1.23%	135.99	26.29	79.71	114.77
South Dakota	0.219%	0.34%	0.19%	0.18%	25.08	7.28	11.96	16.47
Tennessee	2.211%	1.87%	2.36%	2.78%	253.18	39.94	146.90	259.04
Texas	6.549%	12.64%	7.75%	8.31%	749.75	270.39	483.02	773.66
Utah	0.712%	0.76%	0.85%	0.81%	81.55	16.34	53.16	75.38
Vermont	0.289%	0.17%	0.25%	0.22%	33.08	3.67	15.86	20.66
Virginia	2.582%	2.49%	2.82%	2.43%	295.61	53.35	175.63	226.49
Washington	2.704%	1.67%	2.30%	2.58%	309.60	35.76	143.55	239.84
West Virginia	0.541%	0.42%	0.59%	0.65%	61.98	8.97	36.65	60.62
Wisconsin	1.877%	2.86%	1.83%	2.05%	214.92	61.12	114.16	190.73
Wyoming	0.187%	0.17%	0.18%	0.18%	21.40	3.72	11.26	16.56
D.C.	0.291%	0.23%	0.42%	0.25%	33.27	4.82	25.94	22.86

Sources:

1. Use proportion (2007): http://www.oas.samhsa.gov/2k7state/AppB.htm#TabB-1.

*Illicit Drugs Other Than Marijuana include cocaine (including crack), heroin, hallucinogens, inhalants, or prescription-type psychotherapeutics used nonmedically; these estimates are based on data from original questions.

**All Drugs include marijuana, cocaine (including crack), heroin, hallucinogens, inhalants, or prescription-type psychotherapeutics used nonmedically.

***Does not include prescription-type psychotherapeutics used nonmedically.

Appendix: Revenue under Prohibition from Seizures and Fines

Seizures:

In 2007, U.S. attorneys received $1.3 billion of forfeiture. This overstates revenue related to drugs because the figure includes seizures for all reasons, such as violation of gun laws, intellectual property laws, and the like. There may also be double-counting between the DEA seizures and the U.S. Customs seizures.

State and local data on forfeiture revenue are not readily available Baicker and Jacobson (2004), however, estimate using a sample of states that state forfeiture revenue per capita was roughly $1.14 during the 1994-2001 period. This implies aggregate state forfeiture revenue of $342 million. Adjusting for inflation implies a number around $400 million.

Fines:

In 2007, the total quantity of fines and restitutions ordered for drug offense cases in U.S. District Courts was just under $38.1 million.[36] Assuming the ratio of state/local to federal fine/restitution revenue is similar to ratio of state/local to federal seizure revenue implies that state and local fine/restitution revenue from drug cases is about $10 million.

[36] See http://www.albany.edu/sourcebook/1995/pdf/t531.pdf.