

How Pennsylvania's Budget Crisis May Spur Cannabis Legalization

A Budget Crisis Could Make Pennsylvania the Next State to Legalize Adult-Use Cannabis

Pennsylvania lawmakers are facing a budget crisis that could push the state to become the next major market to legalize adult-use cannabis. With a budget gap as large as \$3.7 billion, state officials are increasingly turning to cannabis as a potential revenue source. Legalized adult-use marijuana could provide a significant financial boost, filling the gap and helping to reduce Pennsylvania's fiscal shortfall.

Gov. Shapiro's Push for Adult-Use Legalization Amid Budget Pressures

Governor Josh Shapiro, a prominent political figure who may run for president in 2028, has made it clear that he will continue advocating for adult-use marijuana legalization in his annual budget address on February 4. Shapiro's proposal comes as the state grapples with mounting financial pressures, and cannabis legalization is seen as a potential solution. The marijuana industry has been quick to support Shapiro's efforts, organizing a fundraiser in early January where industry leaders made their case for legalization.

During the fundraiser, Pennsylvania's medical cannabis operators shared data that shows a significant number of customers from Pennsylvania are crossing state lines to purchase adult-use cannabis in neighboring states like Maryland, New Jersey, and Ohio. Some estimates suggest that up to 60% of adult-use customers in these states come from Pennsylvania. This represents lost revenue for Pennsylvania businesses and highlights the need for state-level cannabis reform.

Bipartisan Momentum and Shifting Attitudes Toward Legalization

The mood in Pennsylvania is shifting when it comes to marijuana legalization. According to Peter Marcus, vice president of communications at Terrapin Care Station, a cannabis operator in the state, lawmakers now seem more determined than ever to move adult-use legalization forward in 2025. "Last year, there was this understanding that adult use is coming, but it wasn't happening. Now, the tone has shifted," Marcus explained. "It's clear that adult use is happening, and 2025 may be the year we finally get it done."

This shift is significant, particularly as Shapiro has used the urgency of the budget crisis to push for cannabis reform. As a national figure, his support for legalization could be a game-changer in convincing state lawmakers to act. Michael Bronstein, a lobbyist and organizer of the fundraiser, predicts that Shapiro will go "all-in" for legalization, which could lead to serious efforts in the legislature.

Pennsylvania: The Key State for Cannabis Legalization in 2025

With a population of nearly 13 million, Pennsylvania is one of the most populous states in the U.S. and has long been considered a top target for cannabis reform. The state already has a robust medical marijuana

program, serving over 440,000 registered patients as of November 2024. This includes a mix of major multistate operators and smaller businesses, with monthly medical cannabis sales reaching over \$140 million in October 2024.

The transition to adult-use cannabis could have an immediate and substantial economic impact. According to a report by FTI Consulting, adult-use marijuana sales in Pennsylvania could exceed \$2.8 billion within the first year of legalization, generating an estimated \$212 million in tax revenue from a 6% sales tax and a 15% excise tax. This represents a significant opportunity for the state to address its budget deficit while simultaneously creating jobs and stimulating local economies.

Pennsylvania's Current Loss in Marijuana Revenue

Governor Shapiro has emphasized that Pennsylvania is losing out on significant tax revenue due to residents purchasing cannabis from neighboring states. In a statement to reporters, Shapiro explained, "We're losing out to every other state around us that's legalized, the exception of West Virginia. Pennsylvanians are buying cannabis, but right now, they're paying taxes in other states. We need to change that. We need to be more competitive."

The state's inability to capture this market has been a key motivator for Shapiro and his allies in the cannabis industry. By legalizing adult-use cannabis, Pennsylvania could reclaim this revenue and ensure that its cannabis market remains competitive with surrounding states.

Bipartisan Support: Can Lawmakers Finally Reach an Agreement?

While previous efforts to legalize adult-use cannabis in Pennsylvania have been stalled due to partisan deadlock, there is growing optimism that 2025 could be the year that a bill passes. One of the key developments is the appointment of Republican State Senator Daniel Laughlin as the chair of the Law & Justice Committee, which will likely be the committee responsible for any marijuana-related proposals in 2025. Laughlin has been a co-sponsor of several bipartisan marijuana legalization efforts in previous sessions, and he is expected to reintroduce a bill this year.

The Potential Economic Impact: Why Legalization is Critical for Pennsylvania's Industry

The benefits of adult-use marijuana legalization for Pennsylvania's cannabis industry are immense. As Boris Jordan, CEO of Curaleaf Holdings, a major multistate cannabis operator with 18 locations in Pennsylvania, noted, adult-use legalization would provide a significant economic boost for the state.

Operators in the state are also eager for the opportunity to convert their existing medical marijuana dispensaries to adult-use stores, which would greatly expand the market and increase revenue. With the cannabis industry facing challenges in other states, such as Florida, where a recent legalization effort fell short, Pennsylvania's path toward reform is viewed as a bright spot in the broader industry.

The Road Ahead: A Crucial Year for Cannabis Legalization in Pennsylvania

As 2025 approaches, all eyes will be on Pennsylvania as it grapples with its budget crisis and the potential for historic cannabis reform. With mounting pressure on lawmakers to address the budget shortfall, the cannabis industry presents an attractive solution that could provide a significant financial boost to the state.

The combination of bipartisan support, growing public demand, and Governor Shapiro's leadership makes Pennsylvania a strong contender for cannabis legalization in the coming year. As the state moves toward this critical decision, the future of adult-use marijuana legalization could play a pivotal role in the state's fiscal

health and the broader cannabis industry's trajectory.

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