An Overview of Legal Cannabis

Learning from Other States and How to Maximize Benefits

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What is Weedmaps?

**History:** Founded in 2008, Weedmaps is the oldest and largest cannabis technology company in the world and has been the leading innovator in developing software and platforms that drive the cannabis industry.

**Core Platform:** Our core platform connects people with local dispensaries, delivery services, doctors, delas, brands, lab data and real time-menus.
Timeline of Major Cannabis Moments

**California Prop 215**
California is the first state to legalize medical marijuana.

**California Prop 64**
CA legalizes adult use cannabis, becoming the largest state to do so.

**Colorado Amendment 64 and Washington Initiative 502**
Both CO and WA residents vote to legalize the adult use of cannabis for those 21+.

**Vermont H. 511**
Vermont is the first state to legalize possession of cannabis for those 21+ legislatively.

**Illinois Cannabis Regulation and Taxation Act**
Illinois becomes the first state to legalize and regulate the adult use of cannabis.

**SAFE Banking Act**
The US House of Representatives passes a bill to help clarify banking around cannabis businesses.
Overview of the U.S. Cannabis Policy Landscape

- **Cannabis Regulations**: 47 States & DC
- **Adult-Use & Medical**: 11 States & DC
- **Medical Only**: 23 States
- **CBD Only/Low THC**: 14 States
- **Restrictive Policies**: 3 States

**Bottom Line**: The vast majority of states now have some form of legal cannabis access (98.6% of the U.S. population lives in a state with regulated cannabis access).
Dispelling the Gateway Theory

Cannabis, “does not appear to be a gateway drug to the extent that it is the cause or even the most significant predictor of serious drug abuse”- Institute of Medicine

“...it is not marijuana use but individuals’ opportunities and unique propensities to use drugs that determine their risk of initiating hard drugs”- RAND’s Drug Policy Research Center ²

“The results of this study suggest that general behavioral deviancy and not specific risk factors accounts for illicit drug use...Evidence supporting “causal linkages between stages’ as specified by the gateway hypothesis was not obtained”- American Journal of Psychiatry ³
Public Health And Safety - Teen Use

Teen pot use drops sharply in Colorado

% of 12-to-17 year olds using marijuana in the past month

➢ Alaska: 2007-2015, the percent of adolescents who have tried cannabis at least once in their lifetime fell from 44.7% to 38.8%. Over this same period, the percent of adolescents who reported using marijuana in the past month fell from 20.5% to 19%.¹

➢ Oregon: Between 2011 - 2015, the percent of 8th graders who reported using cannabis in the past month fell from 11.1% to 8.8%. Over this same period, the percent of 11th graders who reported using marijuana in the past month fell from 20.6% to 19.1%.²

1. Alaska Department of Health and Social Services. 2015 Youth Risk Behavior Survey Results, p. 10
2. Oregon Health Authority. 2011 Oregon Healthy Teens Survey (8th and 11th Grade Survey Data), p. 48/53; Oregon Health Authority. 2013 Oregon Healthy Teens Survey, p. 58; and Oregon Health Authority. 2015 Oregon Healthy Teens Survey, p. 56-59.
Economic Impact of U.S. Cannabis Industry (2017)

Industry Sales: $8.5 Billion (Conservative Estimate)\(^1\)

Job Creation:

- Total of 170,000 Industry-Supported FTE Jobs\(^1\)
  - Direct Employment: 120,000 FTE Jobs
  - Indirect & Induced Employment: 50,000 FTE Jobs

Point of Comparison: The U.S. coal mining industry employed 50,800 workers in 2017.\(^2\)

State Cannabis Tax Revenue\(^3\)

- Washington: $340,754,979
- Colorado: $247,368,473
- Oregon: $68,646,246
- Nevada: $30,376,795

1. Arcview Market Research & BDS Analytics Figures.
3. Washington State Liquor & Cannabis Board; Colorado Department of Revenue; Oregon Department of Revenue; Nevada Department of Taxation.
Setting an Appropriate Tax Rate

Growing body of research says 1) cannabis consumers are price sensitive 2) overly-burdensome tax rates drive consumers to the illicit market

➢ **Seattle, WA:** 47.1% Effective Tax Rate → 50-60% Illegal Market Rate
➢ **Denver, CO:** 37.15% Effective Tax Rate → 20-30% Illegal Market Rate

**RAND Corporation Study**

**CD Howe Institute Research Brief**

3. Effective tax rate in Denver, CO recently increased to 37.15%. 
Sufficient Points of Retail

➢ Low dispensary density caused by restrictive caps hinder growth in the legal market.

➢ In order to keep up with demand, states should aim for 1 dispensary per 10,000 residents.

➢ Delivery can help increase consumer access if an ideal dispensary ratio is not achieved.

➢ Addressing local zoning in statute allows for smaller municipalities to not waste resources and encourages participation in the legal market.

Source: Weedmaps Analysis
Delivery

**Adult Use States With Delivery**
- California
- Colorado
- Massachusetts
- Nevada
- Oregon

**Medical Only States with Delivery**
- Arizona
- Arkansas
- Connecticut
- Delaware
- Florida
- Delaware
- Florida
- Maryland
- New Jersey (in progress)

**Benefits:**
- Increased points of legal retail
- Increased access for homebound patients
- Lower barrier to entry to enter the market
Disproportionate Enforcement

**FIGURE 21**
Marijuana Use by Race: Used Marijuana in Past 12 Months (2001-2010)

**FIGURE 16**

*Source: National Household Survey on Drug Abuse and Health, 2001-2010*

*Source: FBI/Uniform Crime Reporting Program Data and U.S. Census Data*
➢ A Black person is 4 times more likely to be arrested for marijuana possession than a white person.

➢ In 2010 there was an arrest for cannabis every 37 seconds.

➢ States waste over $3,613,969,972 enforcing cannabis prohibition.
Addressing Inequality

- Overly restrictive burdens to entering the cannabis industry have shut out those who were most affected by past failed policies.

- Policymakers should develop policies for on-site social consumption lounges to reduce arrests and citations that disproportionately impact minorities.

- A portion of state cannabis tax revenue should be allocated for community reinvestment efforts in areas that were disproportionately impacted by prohibition.

State Level Equity Programs

**Michigan**
Must live in one of the identified 41 Michigan communities which have been disproportionately impacted by marijuana prohibition and enforcement.

Additional Benefits Based on Social Equity Requirements:
25% reduction for those who have been a resident of one of the disproportionally impacted communities for the past five years.
An additional 25% reduction if the individual(s) holding majority ownership have been a resident of one of the disproportionally impacted communities for the past five years AND have a marijuana-related conviction.

An additional 10% reduction if the individual(s) holding majority ownership have been a resident of one of the disproportionally impacted communities for the past five years AND were registered as primary caregivers for at least two years between 2008 and 2017.

**Illinois**

Option 1 (All of the following)
Has at least 51% ownership and control by one or more individuals who:
Have lived in a Disproportionately Impacted Area in 5 of the past 10 years.

Option 2
Has at least 51% ownership and control by one or more individuals who:
AND
Have been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including cannabis possession up to 500 grams or intent to deliver up to 30 grams.

OR
Have a parent, child, or spouse that has been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including possession up to 500 grams or intent to deliver up to 30 grams.

Option 3
Has more than 10 full-time employees, and more than half of those employees: Currently reside in a Disproportionately Impacted Area AND
Have been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including cannabis possession up to 500 grams or intent to deliver up to 30 grams.
OR
Have a parent, child, or spouse that has been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, including possession up to 500 grams or intent to deliver up to 30 grams.
### Municipal Level Equity Programs

**Oakland**
- Applicant has an annual income of less than 80 percent Oakland Average Medium Income (AMI) adjusted for household size
  - **AND**
  - Has either lived in any combination of Oakland police beats: 2X, 2Y, 6X, 7X, 19X, 21X, 21Y, 23X, 26Y, 27X, 27Y, 29X, 30X, 30Y, 31Y, 32X, 33X, 34X, 35X for at least five of the last ten years
  - **OR**
  - Was arrested in Oakland and convicted for a cannabis crime after November 5, 1996

**Long Beach**
- All of the following:
  - Apply as a person, not a company
  - In the last year, your annual family income was at or below 80% Los Angeles – Long Beach – Glendale (LA County) Area Median Income (AMI)
  - Have a net worth below $250,000.
  - **Meet at least 1 of the following 3 criteria:**
    - Have lived in a Long Beach census tract for a minimum of 3 years where at least 51% of current residents have a household income at or below 80% of the Los Angeles County Area Median Income (AMI).
    - Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in the City of Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under California law.
    - Is a Long Beach resident currently receiving unemployment benefits