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THE COLORADO MODEL ROBUST REGULATION OF RETAIL MARIJUANA SALES

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How we got here:

- Starting with California in 1996, 21 states and the District of Columbia legalized marijuana for medical purposes. This includes six states that enacted medial marijuana legislation in 2013.

- In November 2012, Colorado and Washington became the first two states to legalize adult use marijuana, retail sales and the commercial production of marijuana.

Key Features of Colorado's Amendment 64

- A State Constitutional Amendment.
- Decriminalizes possession of one ounce.
- Allows Personal Private Consumption of Marijuana.
- Colorado legalized the production of marijuana for personal use (6 marijuana plants, only 3 of which may be flowering).
- Permits the retail sale of marijuana in a regulated market, similar to alcohol sales.
- Creates systems for the legal production, cultivation, and sale, subject to licensing, regulation and taxation.
- Allows local municipalities to opt-in to marijuana sales and share in the tax collections or opt-out and miss out on the tax collections

Public Support of Marijuana Legalization

- Colorado and Washington likely reflect the future of marijuana legalization in the United States.
- Public opinion has continued to trend in favor a marijuana legalization. Currently, a majority of Americans support legalization by a margin of 7% (52%-45%-Pew Research Center March 2013).
- Other states considering commercial legalization through legislation or initiatives include, Alaska, California, Maine, Maryland, Massachusetts, Michigan, Nevada, Oregon, Pennsylvania, Rhode Island, Vermont.

Taxation and fees

- $5,000 licensing fee.
- Colorado voters approved an excise tax of 15 percent, wherein the first $40 million goes to school construction;
- And, an initial special sales tax of 10% (a portion of which is shared back to local governments that have approved retail marijuana sales);
- And, Denver voters approved a 3.5% sales tax on retail marijuana sales to support the implementation of Amd. 64, including regulation, enforcement, public health and education efforts focused on the prevention of underage use.
- Approximate $5-7 million in revenue for the City of Denver in year 1.

New Issues

- Banking – Banks require federal insurance and the ability to work with the federal treasury. Banks have guidance from the Office of Currency Control that allowing marijuana businesses to use their enterprise is considered money laundering in violation of US Law.
  - Within days of the passage of Amendment 64, Colorado Governor Hickenlooper and Colorado Attorney General Suthers asked Attorney General Holder for prompt guidance as to what the federal response will be.

New Issues 2

- Enforcement
  - Grandfather clause issues: Wish we would have thought to sunset all obsolete laws
  - Fire Code
    - Extraction of hash oil under broad definition of “produce”
    - No standards – Can’t use Amsterdam
    - Protection of enforcement agents
  - Personal, private, use – Definition of Public/Private
  - Employment issues
    - Can an employer terminate an employee for getting high on the weekend?
  - Courts
    - Previous convictions
    - Criminal records
  - Testing – Driving while intoxicated – THC blood limit (5 nanograms), rebuttable presumption

New Issues 3

- What is statewide concern vs. local concern
  - Definitions need statewide treatment (public/private)
  - Regulation of packaging and serving size
  - Regulations for safe disposal/seizure

Things I wish I knew a month prior to implementation

- Single point of contact – Marijuana Czar
  - If it's weed, it leads
  - Structure for solving problems quickly
- Strange bedfellows
  - Colorado Symphony Orchestra
- Evolution of the marijuana industry
  - Need for trusted sources
- Build an expertise now.