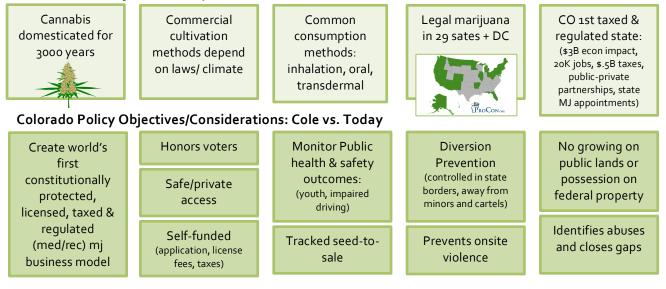


Overview of Marijuana History



The Colorado Program: Leadership, Stewardship, Collaboration & Education

| | | Successes | Needs Improvement | |
|---|---|---|--|--|
| State & Local licensing & regulation | | Centrallized through enforcement, with | Complex operational/enforcement | |
| - | Added layer of local control & opt-out | additional oversight by other dpts | structure creates confusion. | |
| - | Oversees cultivators, processors, | designed to minimize and prevent illegal | | |
| | dispensaries, labs, transporters | activity. | | |
| Tax | ed & Regulated | Fees and taxes fund regulation and | Operating at top ot tax threshhold. Need | |
| - | 2.9% sales tax | enforcement, contribute to state | to stay within consumer expectation of | |
| - | 15% retail mj sales tax | programs, public health/safety outcomes. | price, or sales will divert to the untaxed, | |
| - | 15% retail mj excise tax | Additional taxes used to close budget | unregulated illegal market. | |
| - | After first \$40M allocated to school | gaps, such as additional tax for rural | Allows state business deductions but does | |
| | construction, balance goes to MJ Tax | hospitals as special excise tax. 11 th largest | not solve 280E at federal level. Banking | |
| | Fund | source of state revenues from taxes/fees. | access is still an issue. | |
| - | Local taxes additional | | | |
| | te & Local public health/environment | Collaborative process, interdisciplinary | Subject matter expertise in a federally | |
| oversight | | health advsiory. Embraced the data and | illegal product is a challenge. Testing | |
| - | Oversees patients and health issues | available medical resarch. Educational | program is still working out kinks. | |
| - | Retail MJ Health Advisory | messages target customers, not gov't | | |
| - | Education campaign | audiences. Leads youth research. | | |
| State Agriculture overisght, pesticde | | Reviewed against food/tobacco/site of | No federal guidance on MJ – partnered | |
| restrictions, OSHA conformance | | application to create first standards | with a zero tolerance policy which has no scientific baseline. | |
| Owner & Employee background checks | | Minimizes risk of organized crime/cartels | Criticized for exclusion of audiences that | |
| - · · · · · · · · · · · · · · · · · · · | | from participating. 20K jobs. | have historically been disenfranchised; | |
| | | ······································ | disproportionately benefits the wealthy. | |
| Seed-to-sale product tracking in closed | | Internal diversion patterns easily | Laws constantly change, updates are slow | |
| loop system | | identified in audits. | and costly for exclusive vendor. Diversion | |
| | | | into black market requires constant | |
| | | | attention. | |
| Pac | kaging and labeling | Prohibits marketing to children, clarifies | Still refining – frequent changes present | |
| | uirements; advertising restrictions | use, potency, safety information. | operational issues. | |
| | duct testing through state-approved | Idetifies potency, molds, mildews, | Subject matter expertise in federally | |
| labs | | pesticides. | illegal product is a challenge. | |
| ID v | verifications prior to purchase; purchase | Only authorized patrons can access | Forgot to include Canadian/Mexican | |
| limits, no onsite consumption | | dispensaries. | drivers licenses and other forms of ID | |
| | • | | accepted by federal gov't , tribal ID | |
| Can | not sell to minors (exception: children | Underage enforcement checks at | Parental caregivers of very sick children | |
| w/ medical necessity) | | compliance in high 90%. | being targeted by child welfare agencies | |
| | mits home cultivation | Protected in constitution. | Diversion is an ongoing concern. | |
| | | 1 | | |



Areas of Ongoing Consideration

| Pragmatic pathway forward: Rescission of DOJ guidance documents/State impacts vs. 2/3 of nation is living under legal marijuana laws | Financial/ banking security: Banking access specified vs. no banking guidance and operational & safety impacts | Striking a tax balance: Establishment of appropriate taxation levels; 280E concessions (revenue goes to operations and taxes) | Federal vs. State issues: Credentialed subject matter experts to inform pesticides, testing, OSHA, sources of investment, banking, child welfare, CBDs | Public Health & Safety programs: Youth education and prevention, impaired driving prevention, education about laws and safe consumption behaviors |
|---|--|--|--|---|
| Sizing the market: Limited vs. open market licensure Protecting permits Creating sustainable model | Illegal Markets:Caregiver autonomy/rights vs. enforcementInterstate diversion: Border managementPurchase limit controls | Packaging and Labeling: Striking the right balance between consumer information and oversaturation | Local revenue allocations if they opt-out: Allocations, if any? Law enforcement revenue disbursement? | State vs. Local control: Centralized vs. decentralized control, regulation & enforcement Matters of statewide concern |
| Savior of Schools? K12 receives \$40M for school construction annually Addt'I funding for educational programs, bullying, supplies | Innovation: The Pueblo example revived a local economy The Edgewater example built city infrastructure | Risk of Reversal: Surge in illegal markets Economic impacts Budget impacts | | , |

Action Items/Next Steps

1. Approaching time where

federal/state challenges require thoughtful discussion. Build public-industry-private stakeholder coalitions to discuss challenges and develop solutions at all levels. Collaborate w/ congressional delegations.

- Banking, 280E, CBDs => short term
- Federal status => long term
- 2. Maintain accurate data. Use it to identify trends/solve problems.
- 3. Test, learn, refine.

For questions or additional information, please email Kristi Kelly at <u>execdirector@marijuanaindustrygroup.org</u>. www.marijuanaindustrygroup.org