

Status Report:

Marijuana Regulation in Colorado After Six Months of Retail Sales and 18 Months of Decriminalization



With the passage of Amendment 64 in November 2012, Colorado became the first state to regulate the cultivation, manufacture and sale of marijuana for adults 21 and over. It is far too early to make any definitive declarations about social trends. There are, however, some encouraging signs that have been documented in Colorado since the first retail stores officially opened on Jan. 1, 2014. Some of these trends are outlined below.

Decrease in Crime Rates

Crime rates are down in Denver, according to the FBI's Uniform Crime Reporting data. There has been a 10.1% decrease in overall crime from 2013 and a 5.2% drop in violent crime.ⁱ Additionally, the burglary and robbery rates at marijuana dispensaries have also dropped since legal sales began on January 1.^{ii iii} This early crime data stands in contrast to concerns of a potential increase in crime after legalization.

Tax Revenue

According to the state's department of revenue, the first four months of legal marijuana sales have resulted in \$10.8 million in taxes.^{iv} Governor Hickenlooper estimated sales in all marijuana stores will approach \$1 billion for the 2014 fiscal year. Retail store sales are estimated to account for more than \$600 million of that, more than 50 percent higher than initially projected.^v Though many industry advocates believe this estimate to be exaggerated, there will undoubtedly be increased tax revenues from retail marijuana sales. \$40 million of the tax revenue raised through marijuana sales will be allocated to improving Colorado schools. The Colorado Department of Revenue estimates that approximately \$1.9 million of this \$40 million has been raised so far. Other tax revenue is proposed for youth and public education campaigns about marijuana.^{vi}

Reduced Incarceration = Reduction of Collateral Consequences = Increased Savings

Amendment 64 removed criminal penalties for certain marijuana-related offenses. According to the Colorado Center on Law and Policy, the state could save an estimated \$12-40 million over the span of a year by reducing criminal penalties^{vii}. (Others have estimated the state spends over \$60 million enforcing marijuana prohibition at the levels now legal, so the CCLP estimate is probably on the conservative side.) Over the last decade, the state averaged more than 10,000 arrests and citations every year for minor marijuana possession at the levels now legal in the state.^{viii}

New Focus on Research

Gov. Hickenlooper signed a bill that will provide \$10 million for research into the medical efficacy of marijuana. Such research will help the state determine which medical conditions should be eligible for medical marijuana and help physicians better understand its biochemical effects. Additionally this research will add to the growing base of knowledge about proper dosing and potency and allow the state to conduct clinical trials.^{ix}

Economic Benefits

Gov. Hickenlooper compared Colorado's economy since legalization to that of other states by noting, "While the rest of the country's economy is slowly picking back up, we're thriving here in Colorado."^x For example, the demand for commercial real estate has increased drastically, with houses in the state appreciating 8.7 percent in this timeframe.^{xi}

The marijuana industry has developed quickly, generating hundreds of new jobs. The Marijuana

Industry Group (MIG) estimates there are currently about 10,000 people directly involved with this industry, with 1,000 to 2,000 gaining employment in the past few months alone.^{xii} There is a growing need for everything from greenhouses and fertilizer to pipes and vaporizers, compounding the economic benefits.^{xiii}

Continued Support for Regulation

After nearly six full months of regulated marijuana sales in Colorado, a majority of the state remains in favor of legalization and regulation. Initially, only two state legislators endorsed the constitutional amendment. Denver's mayor opposed it, as did Gov. Hickenlooper. However, Hickenlooper recently noted, after talking to an array of Colorado CEOs and companies looking to move to Colorado, that "they don't see it (marijuana legalization) as a workforce problem or an image problem" and that he is less concerned with legalization negatively impacting Colorado's economy^{xiv}. The voters of Colorado have an overall positive view of the experiment, with 54% of Colorado voters still supporting marijuana legalization and regulation.^{xv}

The state Department of Marijuana Enforcement has been actively engaged in a rulemaking process for retail marijuana sales that has included diverse representation from multiple stakeholders including elected state officials, parents, members of the marijuana industry, and consumers. Currently, there are extensive rules concerning packaging, labeling and safety warnings for all retail marijuana products – including edible marijuana products – sold in the state. Efforts to refine these regulations are ongoing.^{xvi}

ⁱ http://www.denvergov.org/Portals/720/documents/statistics/2014/UCR_Citywide_Reported%20Offenses_2014.pdf

ⁱⁱ http://www.huffingtonpost.com/2014/06/16/marijuana-crime-denver_n_5500611.html

ⁱⁱⁱ http://www.denverpost.com/marijuana/ci_25969469/burglaries-at-denver-marijuana-shops-slow-but-industry

^{iv} <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251994768665&ssbinary=true>

^v <http://www.policymic.com/articles/89165/colorado-s-marijuana-sales-keep-seeing-green>

^{vi} <http://www.vox.com/2014/6/10/5796422/colorado-made-a-lot-of-money-off-4-20>

^{vii} http://www.huffingtonpost.com/2012/08/16/legalized-marijuana-could_n_1791448.html#slide=889422

^{viii} http://www.huffingtonpost.com/art-way/colorado-marijuana-legalization_b_4421617.html

^{ix} http://www.leg.state.co.us/Clitics/CLICS2014A/csl.nsf/fsbillcont3/D9A3D581C1128B5D87257C620055A505?Open&file=155_rev.pdf

^x <http://www.buzzfeed.com/bensmith/colorado-governor-no-economic-damage-from-pot-legalization>

^{xi} <http://insiderealestatenews.com/2014/04/01/colorado-homes-hit-highs/>

^{xii} <http://mmiq.org/>

^{xiii} <http://www.vox.com/2014/5/20/5734394/legal-marijuana-created-thousands-of-jobs-in-colorado>

^{xiv} <http://www.cpr.org/news/story/marijuana-not-keeping-companies-away-colo-hickenlooper-says>

^{xv} <http://www.quinnipiac.edu/news-and-events/quinnipiac-university-poll/colorado/release-detail?ReleaseID=2035>

^{xvi} <http://www.colorado.gov/cs/Satellite/Rev-MMJ/CBON/1251592984795>