Cannabis Legalization

Eric Johnson
Executive Director
Washington State Association of Counties
Today...

- Here to be a Resource
- Assist in Understanding/Learning
- Not Promote or Convince
- Help Think About Your Governance Role and Responsibilities
- Political/Community Leader Role
- Things to Think About and Consider
Washington State Timeline

• **1998** – Initiative 692 to decriminalize medical marijuana. Passed 59%-41%.

• The Washington State Medical Marijuana production, processing, and retail was largely unregulated.

• **2012** – Establishing Recreational Marijuana - Initiative 502 passed 56% to 44%. 81% voter turnout.

• **July 14, 2014** – First Legal Recreational Marijuana Shop Opened

• **July 2016** – Integrated Medical Marijuana System
By the Numbers...Since Legalization

2006-2018 – Washington State Healthy Youth Survey

- Found a small reduction in usage at every grade level
- Every age group saw a decline in ease of access since 2012
- Since 2014, increase in poison control calls for those under 12 (47 calls to 125 calls)

Adult Age Consumption

- Every Adult Age Category saw Annual Increase in Consumption
- Most Significant Increase – 18-24 year old (14% - 28%)
By the Numbers...Since Legalization

- **2.7% increase** in insurance claims in Colorado, Washington and Oregon (Highway Lost Data Institute)
- **Increase in collision rates** in Colorado, Washington and Oregon (Highway Lost Data Institute)
- AAA Study shows **increase in THC levels** in fatal crashes went from 8.3% to 17%.
- Fatal Accidents - Percent of drivers that tested positive for Delta-9 THC Presence **increased** from 10% - 26%.
- How many Washington Counties have more Marijuana Retail Stores then Starbucks?
National

- **33 states** have some form of legal marijuana ranging from adult recreational use to medical use to “limited medical” and some states allowing “cannabis extracts” like CBD oil
- **70%** of America’s 323 million population
- **61 million** – the number of people in the six Western States that have both recreational and medical marijuana use (AK, CA, NV, CO, OR & WA)
- **211,000** Direct Full Time Employees in the Cannabis Industry
- **$8.4 Billion – $12.9 Billion** in Annual Legal Sales
Things to Think About...

- Clarity in what the role of the county is in legalization?
- State / Local Partnership - Coordination
- What will the statutory responsibilities be for each?
- Tour – if you are in a state that is legal – processing, production, retail.
Ongoing Challenges | Banning

- Counties decide to “ban or not to ban”
- Washington’s Attorney General opined that because the initiative was silent on the banning issue banning was permitted by cities and counties
- Zoning is the inherent right of local government, thus allowing the ban
- 5 of 39 counties have banned recreational marijuana
- 76 of 281 cities have banned
Ongoing Challenges | Zoning

• What to do with the industry from a production, processing and retail perspective

• Some counties took a passive approach – allowing state law to dictate what could be done – or let existing zoning control industry activities

• Some jurisdictions have gone through painstaking zoning processes

• Some things to consider when zoning: setback requirements, variances, appeal process, conditional use permit – Development Regulations - fencing, security and lighting... ODOR ABATEMENT!!!

• Some have added moratoriums after unintended consequences
Things to Consider - Revenue

- State Revenue – Purposes and Revenue Sharing
- Local Taxing Authority
- Local Licenses

Washington State

- Original State Excise Tax Structure – 25% at Production, 25% at Processing and 25% at Retail
- Now 37% on Recreational Marijuana Retail Sales
- No Excise Tax on Medical Marijuana
- No Local Excise Tax Authority
- Local and State Sales and Use Tax Still Applies
Revenues | State of Washington

- In 2019-2021 Biennium - State Projects $432 million in Excise Tax from Recreational Marijuana
- Biennial operating budget in Washington state is $53 billion
- Cities and Counties get less than 4% of the revenue ($15 million)
- Unsuccessfully tried to change revenue sharing
- New York projecting $1.7 billion in revenue from recreational marijuana
Ongoing Challenges | Social Justice

- Social justice issues in urban counties
- Unincorporated areas around cities is a hot bed for the location of retailers
- 2 pockets in minority, poverty stricken areas that are now “retail centers”
- Rural Areas – Outdoor Grows – but revenue is generated more where retail sales occurs
Ongoing Challenges | The State

- The state has ignored and issued permits in areas that the zoning does not permit the industry.
- Two counties have had county compliance issues and had to go clear through abatement of businesses because located in areas not properly zoned.
- State cannabis and liquor control board has not given enough credence to zoning and looking at those licenses in relation to placement.
- Kittitas County and WSAC in litigation against the state on issuing permits in areas not permitted.
Ongoing Challenges | Other

- Need harmonization with state licensing and local zoning
- Banking/cash handling
- Impaired Driving – DUI from THC
- Drug Recognition Experts/Training
- Backlog on blood samples at State Lab
- Need for in the Field Test for THC Presence/Impairment
Ongoing Challenges | Other

• Employment issues from drug free work places
• Pesticide Application
• Product labeling and packaging for edibles
• Transportation and delivery
• Research and studies
• Health Impacts
• Federal Incongruities
• State Agency Authorities and Responsibilities