

# The green light

Legalized marijuana in  
Washington after I-502

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# Legalized Marijuana

- Industry gears up
- Licensed businesses
- What's legal – what's not
- Who's responsible for what?
- Taxes and revenue
- Medical marijuana – a separate marketplace
- Bans, moratoriums and supply
- Health and safety
- Issues continue



# Recreational marijuana



Available at a store near you ....



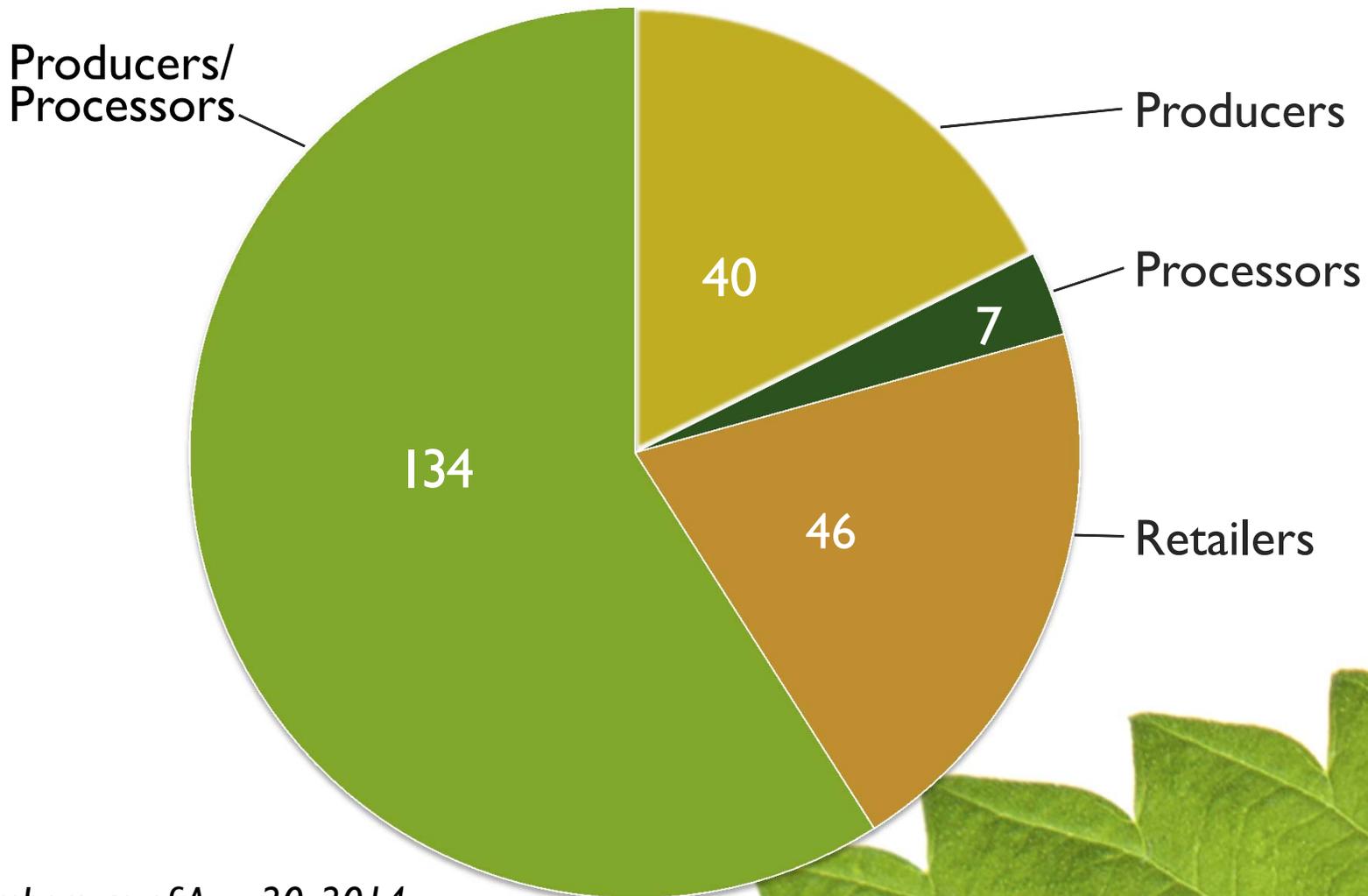
Retail stores opened July 8, 2014

# Industries gearing up...



...and coming together

# Total licenses



*Numbers as of Aug. 20, 2014*

# What's legal – what's not

What's legal	What's not
Must be 21 and older	Younger than 21
Edibles	Edibles that look like candy
Private consumption in home or in a tent or RV in state parks. No consumption in state-owned cabins or yurts.	Public consumption or consumption in national parks
Pot in the car, as long as it's in closed packaging and the legal amount	Driving while high; driving with open packages
Consuming legal amount in Washington	Taking it to other states or mailing it

# How did we get here?

## Voters pass Initiative 502 in November 2012

### What did it do?

- Created a comprehensive system of growing, processing and retailing marijuana for adults age 21 and older
- Decriminalized possession of 1 ounce of marijuana
  - ✓ 1 ounce of useable marijuana for smoking
  - ✓ 16 ounces in solid form
  - ✓ 72 ounces in liquid form



# Who is responsible for what?

## Liquor Control Board

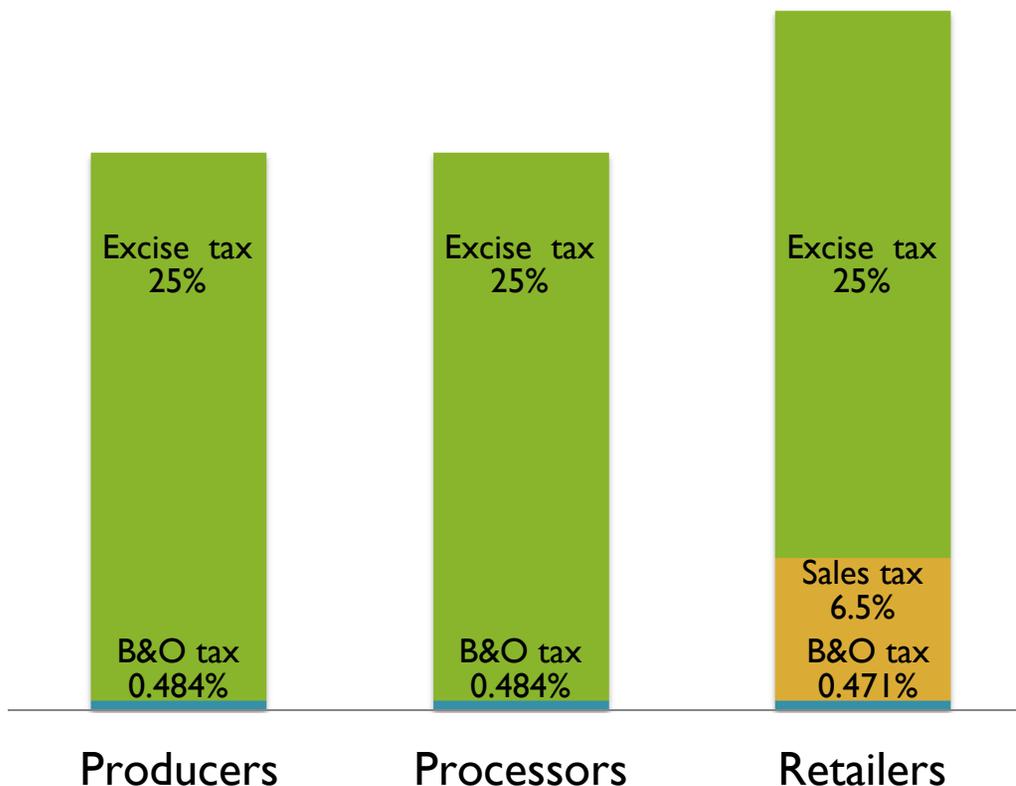
- Establishes rules for regulating and controlling the recreational market
- Reviews and issues recreational marijuana license applications
- Collects a 25 percent excise tax on each level of sale
- Has no regulatory authority over medical marijuana

## Department of Revenue

- Accepts marijuana business license applications on behalf of LCB
- Recreational marijuana – Collects Business and Occupation (B&O) and retail sales tax on recreational marijuana-related business and sales activities
- Medical marijuana – Collects retail sales tax on the selling price and B&O tax on the gross income of retail sales of medical marijuana

## State marijuana tax rates

■ B&O tax   ■ Sales tax   ■ Excise tax



- Businesses that are both producer/processor do not pay the 25% excise tax from producer to processor
- No “agricultural” tax exemption for marijuana products
- Does not include local sales and B&O tax rates that apply

# Estimated state tax collections

	August	September	Total
DOR	\$169,227	\$287,507	\$456,734
LCB	\$804,891	\$1.28 million	\$2.09 million



# Medical marijuana – A separate market

- Medical marijuana is still largely untaxed and unregulated
- Competes with the recreational market
- The Liquor Control Board and Depts. of Health and Revenue made recommendations to align the regulation of the two markets last year
- The Legislature has not yet passed laws aligning the two markets



# Medical marijuana

## \$ Collected for FY 2014



- State retail sales tax = \$4.2 million
- Local retail sales tax = \$1.78 million
- State B&O tax/penalties = \$5.57 million

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**Total: \$11.55 million**

# Cost per gram

Recreational: \$25–\$40



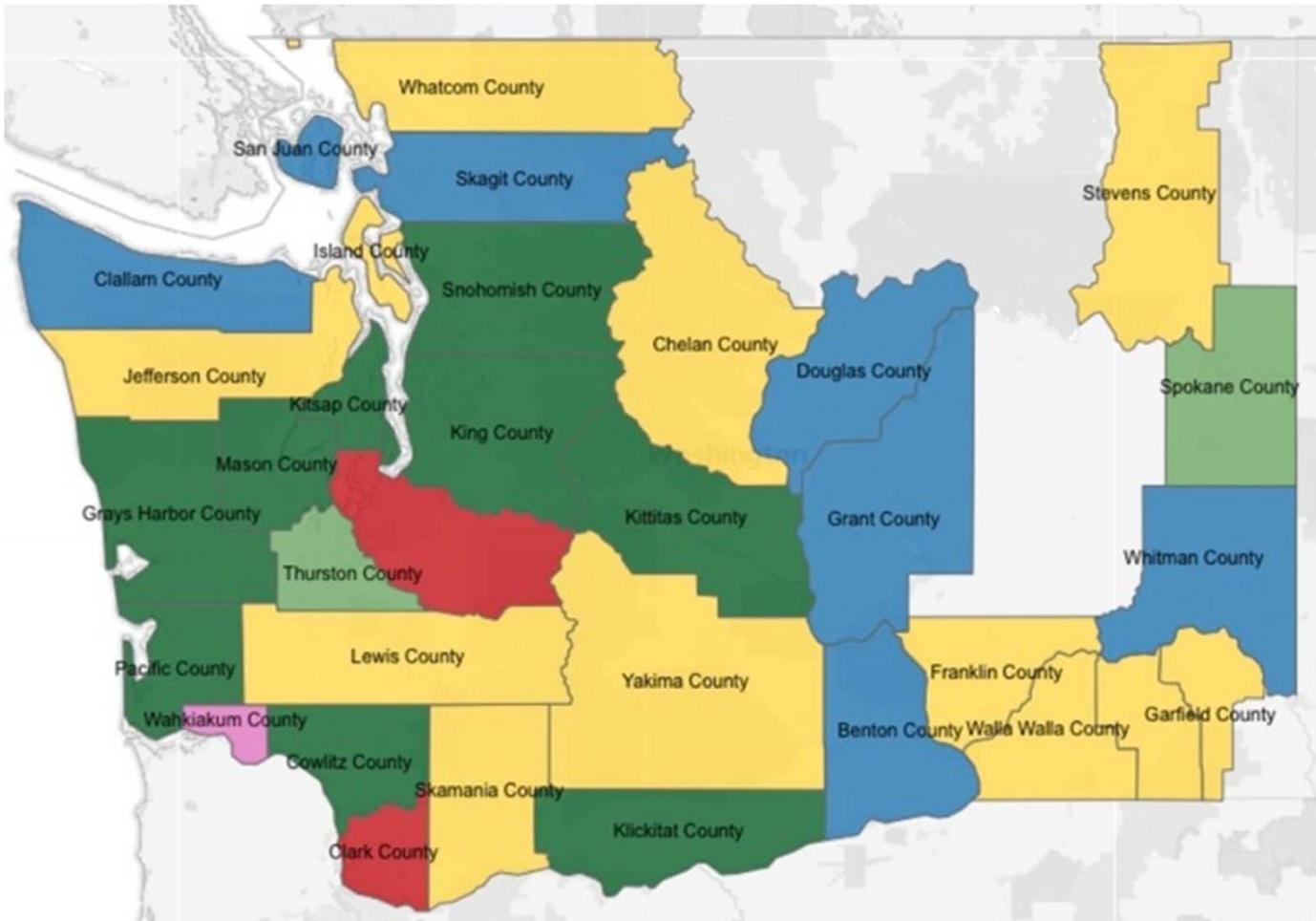
Medical: \$15–\$25



Street: \$9–\$12



# Counties struggle and differ in their approach to marijuana



## Zoning Key

Allowed under Existing Zoning



Permanent Zoning



Interim Zoning



Moratorium



Prohibited

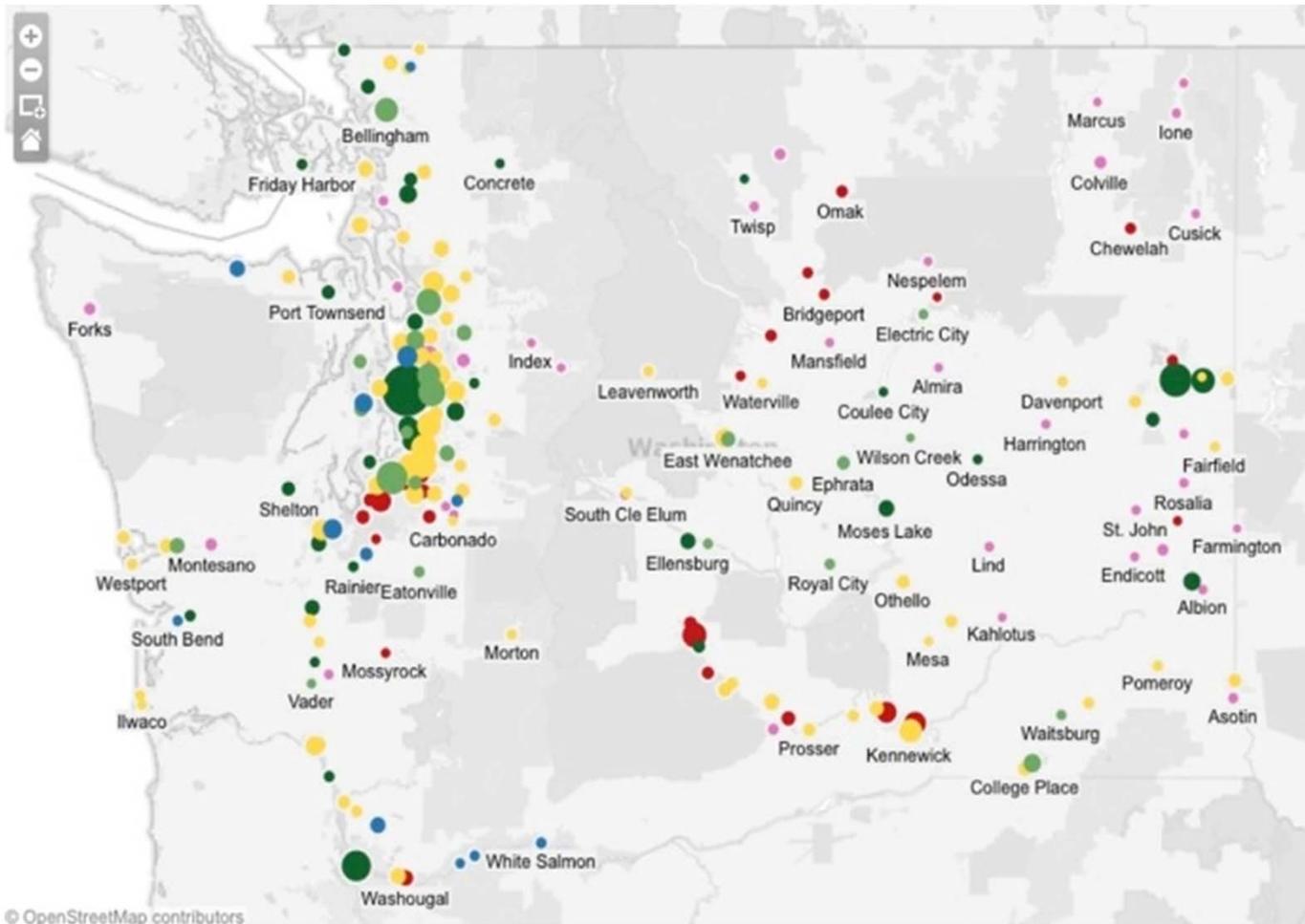


No action



\* *Municipal Research and Services Center*

# Cities struggle and differ in their approach to marijuana



## Zoning Key

Allowed under Existing Zoning



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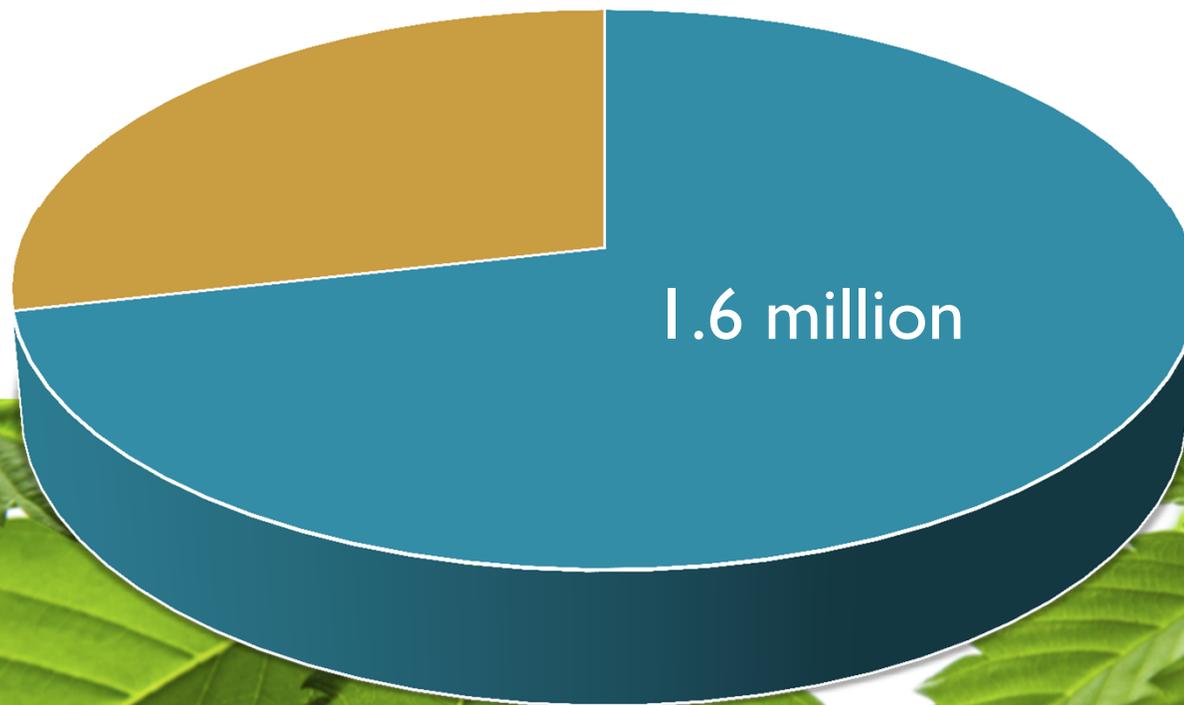
# Supply

Production is not yet meeting demand

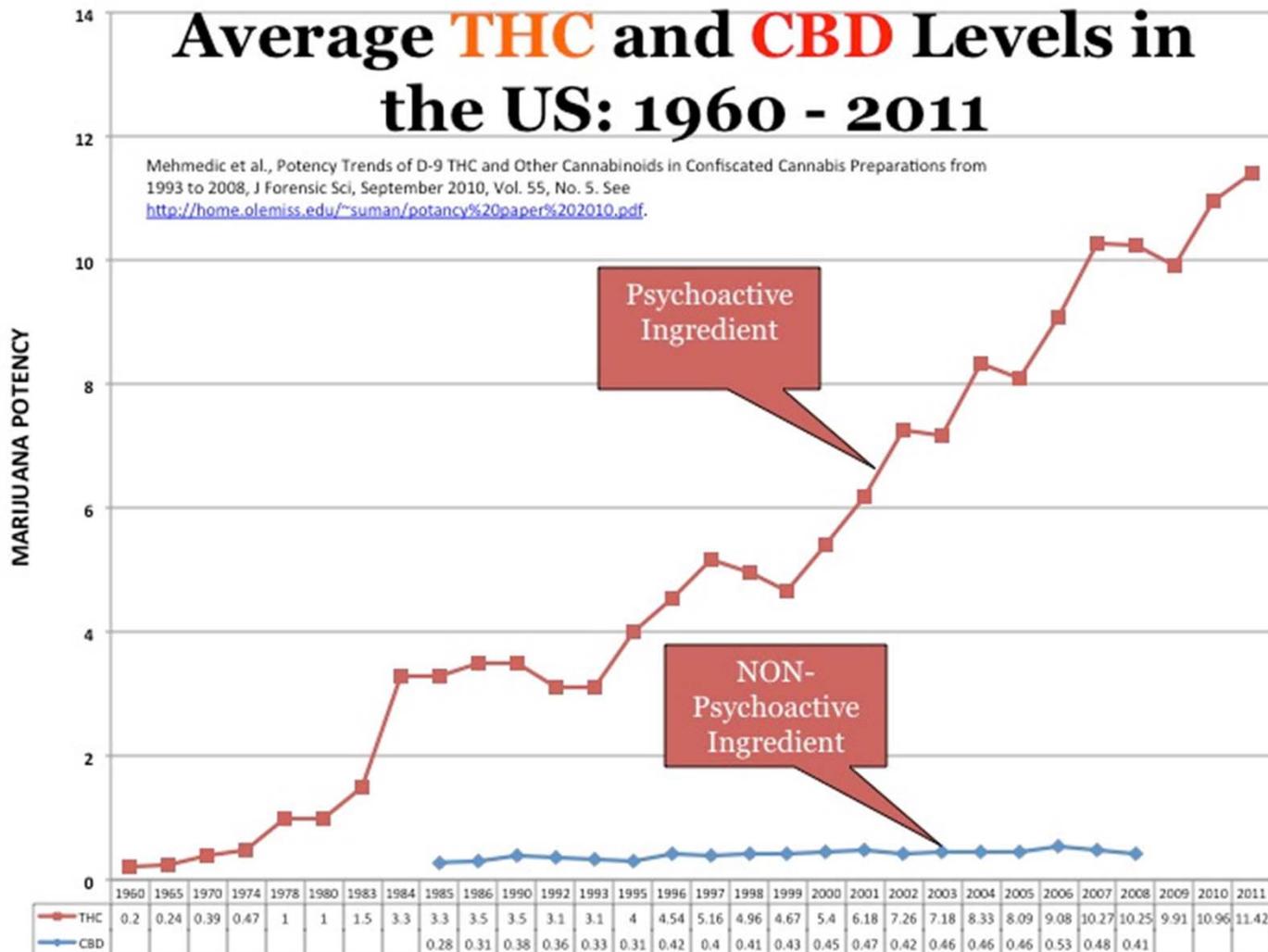


# Supply

- Rules allocate a **maximum** canopy of **2 million square feet**
- **Licensed** canopy to date is **1.6 million square feet**



# THC potency has risen over time



# Public Health and Safety

LCB: No edibles that look like candy!



# Public Health and Safety

[learnaboutmarijuana.org](http://learnaboutmarijuana.org)

Learn About Marijuana  
*Science-based information for the public.*

UNIVERSITY of WASHINGTON  
**ADAI**  
Alcohol & Drug Abuse  
Institute

Home | Factsheets | Parents | Teens | Español | Policy & Law | Research | Adult Consumers | Get Help

Don't drive high.

Read Factsheet: Driving Under the Influence

Washington Recovery Help Line  
866-789-1511

Do you need help or advice?  
Call Marijuana Anonymous  
1-800-766-6779  
Free call within the United States

Reduce your use  
Free online program  
ncpic

News and Events

Parents: talk to your kids about marijuana. Radio spot featuring Dr. Leslie Walker, Seattle Children's Hospital. A Spanish version narrated by Dr. Nathalia Jimenez, MD is also available.

Tweets

Marijuana UW @MarijuanaUW 8 Aug  
State's marijuana sales reach \$3.8 million in 1st month  
komonews.com/news/local/38... via @komonews

Marijuana UW @MarijuanaUW 8 Aug  
New NIDA-funded study analyzes how social media

Symposium on Legal Marijuana in Washington  
November 13, 2013  
Slides and video now available online

## Multi-agency marijuana education effort:

- Facts about marijuana
- Info. on health effects
- Keeping kids away from marijuana
- Demographic data on marijuana use
- Marijuana abuse and dependence

# Public Health and Safety

Learn About **Marijuana** UNIVERSITY of WASHINGTON  
ADAI Alcohol & Drug Abuse Institute  
*Science-based information for the public.*

Home | Factsheets | **Parents** | Teens | Español | Policy & Law | Research | Adult Consumers | Get Help

### Marijuana Resources for Parents

 The national *Monitoring the Future Study* shows marijuana use among teens drifting slightly higher in recent years, though not enough to reach statistical significance.

More noteworthy is the drop in the proportion of adolescents who view marijuana use as risky. Perceived risk—the risk to the user that teenagers associate with a drug—has been a leading indicator of use, both for marijuana and other drugs, and it continued to decline in 2013 among teens. This could foretell future increases in marijuana use.

 Listen to the Washington State Department of Health radio ad about youth and marijuana, narrated by Dr. Leslie Walker of Seattle Children's Hospital. (A [Spanish version](#), narrated by Dr. Nathalia Jimenez, MD, is also available.)

The good news is that parents are the primary influence on adolescent behavior -- even if it may not always seem that way. Here are some resources that can help parents discuss the use of marijuana with their children.

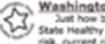
#### Washington State Resources

 **A Parent's Guide to Preventing Underage Marijuana Use**  
(Updated May 2014. Available in [English](#) and [Spanish](#))

This booklet, produced by [Seattle Children's Hospital](#) and the [UW Social Development Research Group](#), offers information, resources, and practical advice for parents about:

- The effects of marijuana on adolescent health,
- Techniques for talking to your child about marijuana,
- What to do and how to help if your child is using marijuana,
- The basics of the law in Washington state.

 **Marijuana: Know the Facts**  
This card from the Washington State Liquor Control Board answers common questions and includes a section on "What Parents Should Know."  
(Available in Cambodian, Chinese, Korean, Laotian, Russian, Spanish, Spanish-Vietnamese)

 **Washington State Healthy Youth Survey: Current Marijuana Use Statistics**  
Just how big a problem is teen marijuana use? This report on marijuana use for grades 6-12 from the Washington State Healthy Youth Survey (2012) provides information from local teens about common attitudes regarding marijuana risk, current rates of use rates, and the relationship between lower grades in school and marijuana use.

The ADAI Clearinghouse:  [Free marijuana materials](#) |  [Pinterest](#) |  [Facebook](#)

#### National Resources

National Institute on Drug Abuse (NIDA)'s [Marijuana site](#).

Marijuana: Parents Need to Know (March 2014)

**Marijuana use increases the risk of lower grades and dropping out of school.**  
Talk with your kids.  
**GET THE FACTS**  


## Keeping marijuana away from kids

- Marijuana is illegal for kids under 21
  - 20 percent of 10th-graders have used marijuana in the past 30 days
  - Marijuana is the most common drug used by children 12-17 who visit emergency rooms for drug abuse
- \* *Washington State Department of Health  
Washington State Health Youth Survey*

# Public Health and Safety

“Drive High, Get a DUI” campaign launched in Washington in July 2014



# Regulation

## BioTrackTHC seed-to-sale tracking system

Keeps track of:

- ✓ Production
- ✓ Testing
- ✓ Transportation
- ✓ Sales
- ✓ Destruction



# Issues continue – Lawsuits

- Alleged mismanagement of the licensing process
- Cities, counties and bans
  - ✓ State defends I-502 in court
- No authority to tax
  - ✓ Violation of 5<sup>th</sup> amendment rights



# Issues continue

## Federal law – Marijuana is still illegal

- Banks are reluctant to accept money from suspected marijuana businesses
- Other services reluctant: utilities, armored car security
- Some banks and credit unions are taking marijuana money – about 1 percent\*
- Marijuana continues to be a largely “cash” industry

\* *American Banker*

# Questions



More information at  
[www.liq.wa.gov](http://www.liq.wa.gov)