PANEL A: LICENSING/PRODUCTION/DISTRIBUTION

THE COLORADO EXPERIENCE
The Colorado Experience

- University of Denver MBA – 8 years in Special District Bond Finance.
- Member of both the Colorado Department of Revenue and Colorado Department of Public Health and Environment medical marijuana advisory committees.
- Founded in 2002, Americans for Safe Access (ASA) is the largest non-profit organization promoting safe and legal access to cannabis.
Americans for Safe Access

- Awarded District of Columbia Training Certificate - one of the only jurisdictions requiring training – handling, “dosing,” cultivars, effects, security, legal environment and other operational and legal issues.

- ASA is working with the American Herbal Products Association on standards for cannabis analytics, cultivation, manufacturing and distribution.

- We are implementing a third-party certification program (ISO, NSF, etc.) based on those standards.

- Developing monograph and dosing standards with the American Herbal Pharmacopoeia.
In a perfect world,

Sound Science = Good Policy = Effective Regulation

But in Colorado…
The first evidence of the medicinal use of cannabis is in an herbal published [in China]...5000 years ago. It was recommended for malaria, constipation, rheumatic pains, "absentmindedness" and "female disorders. “ (Grinspoon 2005).
Colorado Timeline

- 2000 – Amendment 20
  Constitutional Amendment by ballot initiative formed patient access/caregiver model

  No statewide regulation – little to no local regulation

  Sales prohibited – no revenue capture, no public health campaigns

  10 – 12 quasi-storefront dispensaries

  Created a legal defense for the black market (not how legitimate patient/caregivers act)
Colorado Timeline

• 2009 – Ogden Memo

Dispensary, cultivation and manufacturing operation “green rush.” Patients and caregivers selling cannabis to dispensaries for resale – unregulated, untaxed home-based businesses

“Out of control environment” - could locals shut down established businesses?

No state regulation – little to no local regulation (Denver then State)
Colorado Timeline

• 2010 – Colorado Medical Marijuana Act

  Matter of statewide concern - established licensed “retail” system – capture license fees/taxes at state and local levels.

  Department of Revenue – regulatory body. Physician, patient/caregiver regulations remained with Dept of Health.

  Law of unintended consequences...

  Colorado was most tightly regulated system in the country. Law enforcement heavy – health and safety light.

  “Buyer beware” model - suitable for adult use (maybe); suitable for medicinal (no). No testing requirements, unenforceable disclosure requirements and some sanitary requirements not enforced.
Colorado Timeline

Prohibitive licensing for both owners and employees (looked at residency student loan, tax and child support debt, felony history and permanently banned anyone with a felony drug conviction). Eliminates experience and prevents gainful employment? Keeps them underground and in the black market.

Local ability to ban – most grandfathered in established businesses when banned by council and forced them closed if banned by vote (fear of lawsuits?).

Too many bans – keeps patients/caregivers underground and creates strong black market forces due to lack of access.
Colorado Timeline

No secured out of state investment allowed – limits legal options for investment – no banking/cash based business - leads to unreported “unique” partnerships (loan sharking).

Some regulations put into place to prevent diversion actually helped encourage it. (i.e. Counting by-product in 70% weight limits).

Heavy cost to comply with regulations (security, licensing, etc.). Prices dropped 50% in two years ($4000 ppa to $2000 ppa). $45/50 – 1/8th to $20/25. Black market prices dropped to match dispensary prices. Economies of scale needed for white and black markets to continue price drops. Outdoor more economical than indoor.

Lower prices - increased use? Competition with black market.
Colorado Timeline

Unresolved public health and safety issues

No statewide advertising restrictions – locals did implement – Denver/Boulder – sign spinners, billboards. 1st Amendment issues?

No funded public education campaigns. Industry group effort with Department of Transportation – “The Heat is On” – Drugged Driving – addressed mmj and prescription drugs.

No mandatory testing. Labs are private only. Required to be independent in CO. No DEA registration. Little oversight / no rules (DOR v. DPHE).
Colorado Timeline

• 2012 – Amendment 64

Ballot initiative. Voters ahead of policy makers again. Highest margin wins in areas with medical dispensaries (also urban – correlation or causation?).

Adult use and personal cultivation allowed – no sales (comparable to home brewing); and commercial cultivation and retail allowed.

Medical marijuana – excise tax exempt – impact on regulation? Concern about sustainability – why be on a list if you don’t have to?

Taskforce meeting now – legislation and rules forthcoming... Child welfare, access and diversion top concerns. DUID bill in committee today – 5 nanogram – permissible inference vs. per se.
Thank You

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