



Colorado and Washington: Life After Legalization and Regulation

“Our state’s efforts to regulate the sale of marijuana are succeeding. A few years ago, the illegal trafficking of marijuana lined the pockets of criminals everywhere. Now, in our state, illegal trafficking activity is being displaced by a closely regulated marijuana industry that pays hundreds of millions of dollars in taxes. This frees up significant law enforcement resources to protect our communities in other, more pressing ways.”

—Washington State Gov. Jay Inslee and Attorney General Bob Ferguson

In November 2012, Colorado and Washington state voters replaced marijuana prohibition with taxation and regulation for adults over 21. Legal sales began in 2014. The states’ economies have prospered, and opponents’ dire predictions have not materialized. Oregon and Alaska voters approved similar measures in 2014, as did Massachusetts, Maine, Nevada, and California voters in 2016. Because the other laws are newer — and in many cases the regulatory systems have not yet been implemented — this focuses on the first two states.

Tax Revenue and Job Creation

- In 2016, Colorado collected nearly \$200 million in fees and taxes from marijuana businesses, \$138.3 million of which was distributed to the Department of Education.¹ Less than 10% of the revenue was used to cover the costs associated with regulating marijuana.²
- In 2016, Washington generated \$255 million in excise tax revenue from marijuana sales.³
- Cities and towns have also raised millions of dollars in local taxes and fees, using the funds for critical infrastructure projects, programs that address homelessness, and college scholarships.
- More than 30,000 Coloradans are licensed to work directly in the marijuana industry.⁴ Marijuana businesses also retain workers and utilize services from a wide variety of collateral sectors, including construction, engineering, security, legal, insurance, and real estate.

Undercutting the Illicit Market

- As of early 2016, Colorado officials estimated the regulated market was meeting 70% of the demand for marijuana in Colorado, with the rest primarily being met through the gray market (marijuana grown at home by adults or medical marijuana caregivers).⁵
- The U.S. Border Patrol reported a 24% drop in marijuana seized at the U.S.-Mexico border from 2011 to 2014, with Mexico’s arm reporting an even more significant decline of 32%.⁶

Crime Data

- Regulating marijuana for adults has not caused a crime wave: According to the FBI’s Uniform Crime Reports, there has been a slight decrease in the per capita number of reported property and violent crimes between 2012 and 2015 in Washington state. In Colorado, there was a slight increase in the number of violent crimes reported, and a small decrease in reported property crimes during that timeframe.⁷
- A Cato Institute report found that property-related and violent crime in Denver and Seattle has not changed significantly as a result of allowing and regulating cannabis for adult use.⁸

¹ “Here’s Where Colorado Spends Its Skyrocketing Pot Tax Revenue,” *Entrepreneur*, Feb. 23, 2017; “Montini: Colorado officials politely ask Arizona’s anti-marijuana group to stop lying,” *The Arizona Republic*, Oct. 31, 2016.

² www.mpp.org/wp-content/uploads/2016/03/CO-Legislative-Council-Staff-Marijuana-Tax-Revenue-Issue-Brief.pdf

³ www.502data.com

⁴ <https://www.colorado.gov/pacific/sites/default/files/Final%20Mid%20year%202016.pdf>

⁵ “Legalising cannabis: Reeferegulatory challenge” *The Economist*, Feb. 13, 2016.

⁶ Ioan Grillo, “U.S. Legalization of Marijuana Has Hit Mexican Cartels’ Cross-Border Trade,” *Time*, April 8, 2015.

⁷ FBI Uniform Crime Reports, Crime in the United States, By State, 2012, and 2015.

⁸ “Dose of Reality: The Effect of State Marijuana Legalizations,” Cato Institute, Sept. 16, 2016.

Teens' Marijuana Use and Graduation Rates

- According to the most comprehensive study on teen marijuana use in Colorado, teen marijuana use has not risen since marijuana became legal in 2012: It dropped within the margin of error from 22% in 2011 to 21.2% in 2015.⁹
- The most in-depth state surveys suggest modest decreases in eighth and 10th graders' current marijuana use in Washington. 12th graders' use rates remain unchanged.¹⁰
- The Colorado Department of Education reports on-time high school graduation rates have increased from 75.4% for the Class of 2012 to 77.3% for the Class of 2016. Washington's four-year graduation rates have also increased — from 77.2% in 2012 to 78.1% in 2015.

Driving

- Between 2013 and 2016, Colorado has experienced an uptick in traffic fatalities (as has been the case nationwide), but state officials attributed it to “an epidemic of distracted driving,” and people not wearing seat belts, and they did not mention marijuana as a contributing factor.¹¹
- A study found an increase in the number of drivers involved in fatal accidents who tested positive for THC in Washington between 2010 and 2014, but that does not mean there were more fatalities caused by cannabis impairment. The study was not limited to drivers who were at fault. Also, THC lingers in one's system long after use, so a positive test does not mean the person was impaired. Of the 3,031 drivers involved in fatal crashes in Washington during that timeframe, just 3% had only THC in their systems.¹²

Real Estate and Quality of Life

- In 2016, *U.S. News & World Report* ranked Denver the best place to live in the nation.¹³
- Home prices rose fastest in the country in the only three states where marijuana was being legally sold to adults in 2015 — Colorado, Washington, and Oregon.¹⁴

Booming Economies and Tourism

- *U.S. News & World Report* ranked Colorado as the best state economy in the nation in 2017.¹⁵
- A firm that has been contracted by Colorado to perform economic analyses of the legal marijuana industry found that it generated \$2.4 billion in overall economic activity in 2015.¹⁶
- Colorado broke records for number of visitors and amount of dollars spent for the fifth year in a row in 2015.¹⁷
- *Business Insider* ranked Washington as the #1 fastest-growing economy among U.S. states in early 2016, with D.C. (where adults' use of marijuana is legal) #2 and Colorado #3.¹⁸

⁹ Colorado Youth Risk Behavior (2011) and Healthy Kids (2015) Surveys, past 30-day use.

¹⁰ Washington State Healthy Youth Survey, 2010, 2012, and 2014, past 30-day use.

¹¹ Jesse Paul, “CDOT director blames surge in Colorado roadway fatalities on an “epidemic of distracted driving,” *Denver Post*, Jan. 31, 2017.

¹² “Prevalence of Marijuana Involvement in Fatal Crashes: Washington, 2010-2014,” AAA Foundation for Traffic Safety, May 2016. Ten percent of the drivers had both THC and another substance (alcohol or other drugs) in their system. Also of note, only 62% of the drivers were drug tested. The results are based on those drivers who were tested, not all drivers.

¹³ Blair Shiff, “Denver named best place to live,” KUSA 9News, March 2, 2016.

¹⁴ Paul Ausick, “April Home Prices Rise Most in Washington, Colorado, Oregon,” *24/7 Wall St.*, June 7, 2016.

¹⁵ Best States Ranking: *U.S. News & World Report*, March 2017. www.usnews.com/news/best-states/rankings

¹⁶ “The Economic Impact of Marijuana Legalization in Colorado,” Marijuana Policy Group, Oct. 2016.

¹⁷ Jason Blevins, “Colorado breaks tourism record with 77.7 million visitors spending \$19.1 billion,” *Denver Post*, July 20, 2016; Blevins, “Marijuana has huge influence on Colorado tourism, state survey says,” *Denver Post*, Dec. 9, 2015. Tourism has not been booming in Washington, which eliminated its state tourism office in 2011 and is currently the only state without one. Alexis Myers, “Lawmakers Push For Washington State Tourism Program,” *CBS Seattle*, Feb. 8, 2017.

¹⁸ Andy Kiersz, “RANKED: The economies of all 50 US states and Washington, DC, from worst to best,” *Business Insider*, Jan. 11, 2016.