



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 the case of Massachusetts and Maine, the regulatory systems have not yet been implemented — this focuses on the first two states.

Tax Revenue and Job Creation

- In 2017, Colorado collected more than \$200 million in taxes from marijuana businesses.¹
- Washington generated more than \$400 million from marijuana excise and sales taxes in 2017.²
- 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.
- Colorado has issued 40,334 licenses to individuals to work directly in the marijuana industry.³ Marijuana businesses also retain workers and utilize services from a wide variety of collateral sectors, including construction, engineering, security, legal, insurance, and real estate.

Displacing the Illicit Market

- As of September 2017, Colorado officials estimated that more than 70% of marijuana purchases were made on the regulated market.⁴ The rest was primarily gray market sales (marijuana grown at home by adults or medical marijuana caregivers).
- As the *L.A. Times* reported, “Widespread legalization in the U.S. is killing Mexico’s marijuana business, and cartel leaders know it.” Seizures at U.S. ports of entry have plummeted from 2.4 million pounds of marijuana in 2013 to 861,231 pounds in 2018.⁵

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: It dropped within the margin of error.⁶

¹ www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data (showing \$203,477,846 in marijuana tax revenue in 2017, not including sales taxes, which applied to adult-use sales until July 2017)

² <https://502data.com>

³ <https://www.colorado.gov/pacific/enforcement/med-resources-and-statistics> As of July 2, 2018.

⁴ “With legal pot, Colorado and Washington are winning fight against black market, committee hears,” *National Post*, Sept. 12, 2017.

⁵ “With U.S. competition hurting its marijuana business, Mexico warms a little to legalization,” *LA Times*, Jan. 27, 2018.

⁶ Colorado Youth Risk Behavior (2011) and Healthy Kids (2017) Surveys, past 30-day use.

- The most in-depth survey in Washington suggests either no change or modest decreases in current marijuana use for every grade surveyed — 6th, 8th, 10th, and 12th graders'.⁷
- The Colorado Department of Education reports on-time high school graduation rates have increased from 75.4% for the class of 2012 to 78.9% for the class of 2016. Washington's four-year graduation rates have also increased — from 77.2% in 2012 to 79.3% in 2017.

Driving

- A study published in the *American Journal of Public Health* found, "Three years after recreational marijuana legalization, changes in motor vehicle crash fatality rates for Washington and Colorado were not statistically different from those in similar states without recreational marijuana legalization."
- 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, or that those drivers were at fault. Testing protocols changed between 2010 and 2014. Also, THC lingers in one's system long after use, so a positive test does not mean the person used cannabis recently or was impaired.⁸
- The Colorado Department of Transportation's 2017 Problem Identification Report shows that the percent of cases where an officer suspected drugs or alcohol in a serious-injury crash decreased slightly or remained stable after legalization.

Real Estate and Quality of Life

- In 2018, *U.S. News & World Report* ranked Denver, Portland, and Seattle — all of which have regulated marijuana sales for adults — in the top 10 best places to live in the nation.
- 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.⁹

Business, Booming Economies, and Tourism

- Workers' compensation costs — which reflect the severity and number of workplace-related injuries — have decreased since legalization in Colorado.¹⁰
- *U.S. News & World Report* ranked Colorado as the best state economy in the nation in 2017, with Washington ranked #3.¹¹
- An economic analysis of the legal marijuana industry in Colorado found that it generated \$2.4 billion in overall economic activity in 2015.¹² (Marijuana sales increased by more than 50% since 2015 from just under \$1 billion to over \$1.5 billion.)
- Colorado broke records for number of visitors and amount of tourist dollars spent for the sixth year in a row in 2016.¹³

⁷ Washington State Healthy Youth Survey, 2012 to 2016, past 30-day use. <http://www.askhys.net/FactSheets>

⁸ "Prevalence of Marijuana Involvement in Fatal Crashes: Washington, 2010-2014," AAA Foundation for Traffic Safety, May 2016. Only 62% of the drivers were drug tested. The results are based on drivers who were tested, not all drivers.

⁹ Paul Ausick, "April Home Prices Rise Most in Washington, Colorado, Oregon," *24/7 Wall St.*, June 7, 2016.

¹⁰ See: www.colorado.gov/pacific/dora/news/workers-compensation-loss-cost-will-see-significant-reduction-2018

¹¹ Best States Ranking: *U.S. News & World Report*, March 2017. www.usnews.com/news/best-states/rankings

¹² "The Economic Impact of Marijuana Legalization in Colorado," Marijuana Policy Group, Oct. 2016.

¹³ <https://www.colorado.com/news/colorado-tourism-sets-all-time-records-sixth-consecutive-year> (Tourism has not been booming in Washington, where the state's marijuana law is far less well-known, and the state closed its tourism office in 2012, the same year it legalized marijuana.)