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CANNABIS POLICY REVIEW 2021

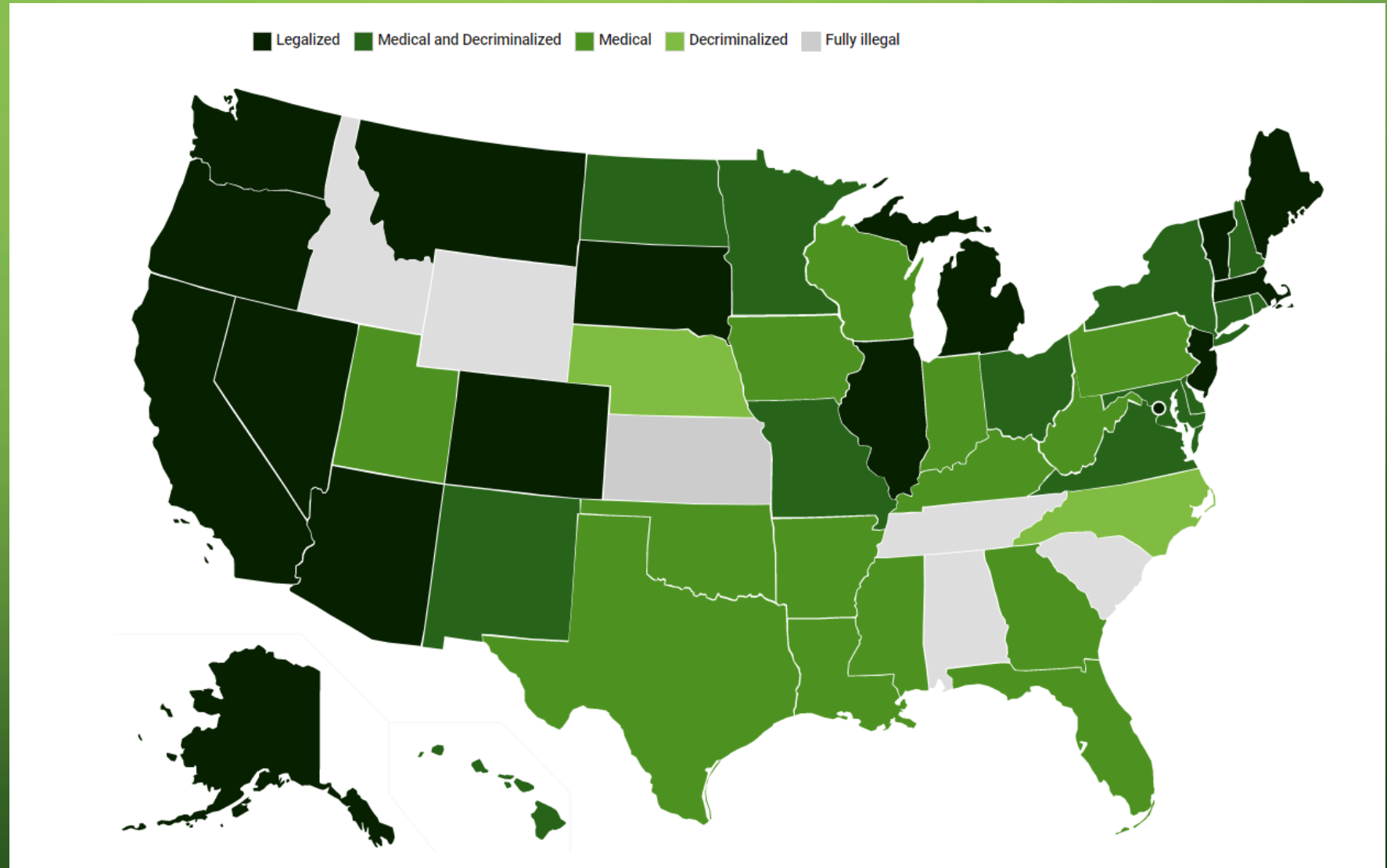
TOWN OF ERIE

BACKGROUND

- Amendment 64 passed in 2012. At that time, BoT chose not to permit the sale of marijuana products in Erie.
- In 2016 Town formed a Retail Marijuana Ad-Hoc Committee to review whether the permanent ban on the sale of marijuana products in Erie should be lifted. In 2017, the BoT voted to continue the ban.
- With many changes in the cannabis industry, and use in Erie by individuals, the BoT requested Town staff reexamine this issue in 2021.

CURRENT MAP OF LEGALIZED MARIJUANA USE BY STATE

As of January
2021, only 8
states prohibit
any use of
marijuana



Nearby Cannabis Locations

This map displays the state of Colorado with various cities and counties outlined. Yellow stars indicate the locations of cannabis dispensaries. The stars are concentrated in the northern and central parts of the state, particularly around the Denver area and along major highways. A green box at the top center of the map contains the text "Nearby Cannabis Locations".

NEARBY COMMUNITY COMPARISONS – ACTIVITY & TAX RATE

- Allowed activities: Sales, cultivation, manufacturing and testing
 - Boulder – (33) 5% excise tax, 3.5% sales tax
 - Lafayette (3)- Sales and excise tax 5%; up to 10%
- Allowed activities: Sales, cultivation and testing
 - Louisville (4) – 5% excise tax on cultivation
- Delivery only (no sales tax)
 - Superior
- Testing only.
 - Broomfield - 5% excise tax
- Sales only
 - Longmont (4) - 3.5% sales tax; 3% excise tax with authority up to 15%

PROS & CONS EVALUATION CRITERIA

- Background to 2017 decision
- Economic impact (tax revenue, job creation, private investment)
- Regulatory controls
 - Licensing and inspection
- Health and welfare
- Public safety and law enforcement

POTENTIAL TAX REVENUE FOR ERIE

- Based on data from 17 CO cities on total revenue from all cannabis related sources (including State shared revenue¹), and expenses associated with administration and enforcement, the average net revenue per capita for CO cities is about \$22.00/Capita.
- Based on that figure, a city of 30,000 could reasonably expect to see net revenue of \$660,000 annually.
- Based on other factors and alternative approaches to estimating potential revenue and expenses, Town staff estimates net revenue for Erie could range from \$250,000 to \$500,000 annually.

(1) State redistributes 10% of total revenue received from its 15% Excise Tax on marijuana. The State has two 15% tax impositions; only one is shared with the cities that sell marijuana.

STEPS TO LEGALIZE

Board decides on strategy to move forward

Draft ordinance, licensing fee and schedule (with input from Town staff and BOTs)

Board adopts licensing and permit process

Introduce measure to residents for vote (if Town wants to tax the use –recommended)

STATE SETBACKS OR LOCATIONAL RESTRICTIONS

- CRS 44-10-311(1)(d)(I) - a medical marijuana dispensary cannot be located within 1,000 feet of “school; an alcohol or drug treatment facility; the principal campus of a college, university, or seminary; or a residential child care facility”
 - Option for local government to waive requirements
- MED 3-735 - Regulated Marijuana Business cannot advertise on any outdoor sign that is within 500 feet of an elementary or secondary schools, places of worship, or public playgrounds
- Ultimately, the Town decides the location for both medical and retail marijuana businesses, with one minor caveat for advertising.

THINGS TO CONSIDER TO ADOPT AN ORDINANCE PERMITTING THE SALE OF MARIJUANA

- Operated similarly to liquor license with Municipal Judge as Hearing Officer.
- Identify zone, odor, distance, and other restrictions
 - We can be as restrictive/flexible with ordinances (sexually oriented businesses)
 - 2015 International Building Code (Town adopted) - marijuana retail establishment = Group M Occupancy (Mercantile)
- Drafting ordinance
 - Drafted from Marijuana code title 44, or a nearby “successful” municipality (Thornton)
 - Residential vote to tax > Ballot in Nov. 21 or wait until April 22



REQUEST FOR FEEDBACK ON NEXT STEPS

- Community survey
 - Formal vote
 - Ordinance adoption (no formal vote)
 - Additional research/information to provide
- 
- 

APPENDIXES

- Police Chief Summary
- Other nearby cities' experience
- Other cities that do not allow marijuana sales
- Lakewood experience with ballot measure sponsored by cannabis lobbyist
- Allocation of State Marijuana revenue
- Erie Amendment 64 Election results
- 2015 Community Survey results

CHIEF STEWART'S RESEARCH

- Information was gleaned from four (4) law enforcement departments.
- If the direction is to move forward, the Erie Police Department will ensure we are ready for what the future may hold in terms of dispensaries.

CITY OF LONGMONT

- Longmont has 4 dispensaries; 3 are recreational and 1 is medical/recreational.
- Longmont does not have many enforcement issues or concerns related to dispensaries possibly because they provide training to the dispensary employees similar to liquor enforcement training.
- 2 officers oversee the dispensaries. The State has a marijuana enforcement office in Longmont and this office provides the majority of oversight for the dispensaries.
- The City of Longmont has very strict rules and regulations with the establishments. Longmont has thus far had good luck working with the owners and they seem willing to correct issues right away.

CITY OF LAFAYETTE

- Lafayette has 3 dispensaries which are each medical/recreational.
- They do not have many enforcement issues or concerns. At the inception of the dispensaries, they had an armed robbery and a few compliance issues.
- Their Detective Section is assigned the task of enforcement.
- Not much time is spent on enforcement on a regular basis. Up front, Detectives conduct backgrounds which take some time.
- The only thing Lafayette PD would have liked to have changed was the process for licensing with the City. Backgrounds seemed to take a priority over their case load.

CITY OF LOUISVILLE

- Louisville has 4 dispensaries which are all medical/recreational.
- They have had a couple of burglaries which were pretty significant.
- Their largest issue is public consumption in parking lots or nearby hotels. When the movie theater was open, they had even more issues with public consumption.
- No specific officer is assigned as a marijuana officer.
- Other than extra patrols or responding to a calls, they do not spend much time at the dispensaries.
- Location is very important for Louisville. Optimally, dispensaries should be near a highway or in a business district vs. putting one near a neighborhood or school.

CITY OF THORNTON

- Thornton has 3 dispensaries which are all medical/recreational.
- Ownership and transfer of ownership to employees require necessary backgrounds and fingerprinting. Managers are required to be fingerprinted once a year for regulating purposes.
- They have only had one burglary. They conduct compliance checks to ensure the dispensaries are following regulations.
- 1 Detective is assigned as the marijuana officer; this detective is also assigned to process registered sex offenders and provide liquor enforcement checks.
- 40% of the Detective's time is spent working compliance and regulatory issues with the dispensaries.

OTHER JURISDICTIONS CONTACTED WHICH DO NOT ALLOW DISPENSARIES AS OF 1/25/2021

- Broomfield approximately 68,000 population
- Loveland approximately 77,000 population
- Grand Junction approximately 62,000 population
- Castle Rock approximately 88,000 population
- Windsor approximately 27,000 population
- Firestone approximately 20,000 population
- Frederick approximately 13,000 population

CITY OF LAKEWOOD

- “better to control your own destiny”
 - Council did not take action and a community ballot was brought to a vote via a cannabis lobbyist.
 - Limits permits to existing medicinal retailers
 - Does not tax beyond normal sales tax
 - Ordinance not written by your “standard professionals” – has created many difficult nuances

[illegible][illegible]

STATE MARIJUANA TAX REVENUE ALLOCATION

TAX REVENUE OVERVIEW

The State collects three types of taxes on marijuana products. The following graphic (designed by Legislative Council Staff) illustrates the allocation of state tax revenue related to marijuana. A discussion of each type of tax and the allocation of the associated tax revenue follows.

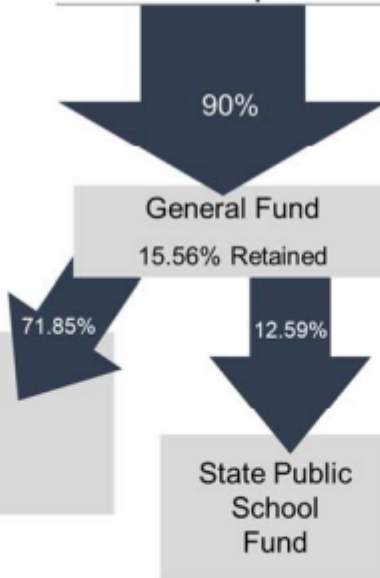
Medical Marijuana

2.9% Sales Tax

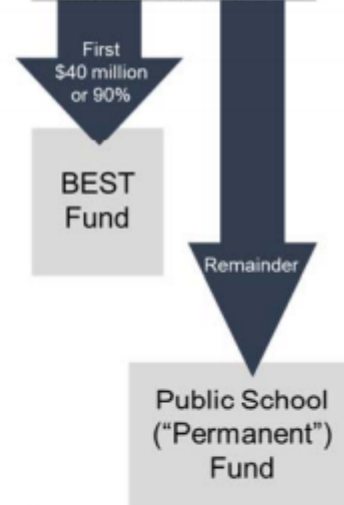


Retail Marijuana

15% Special Sales Tax



15% Excise Tax

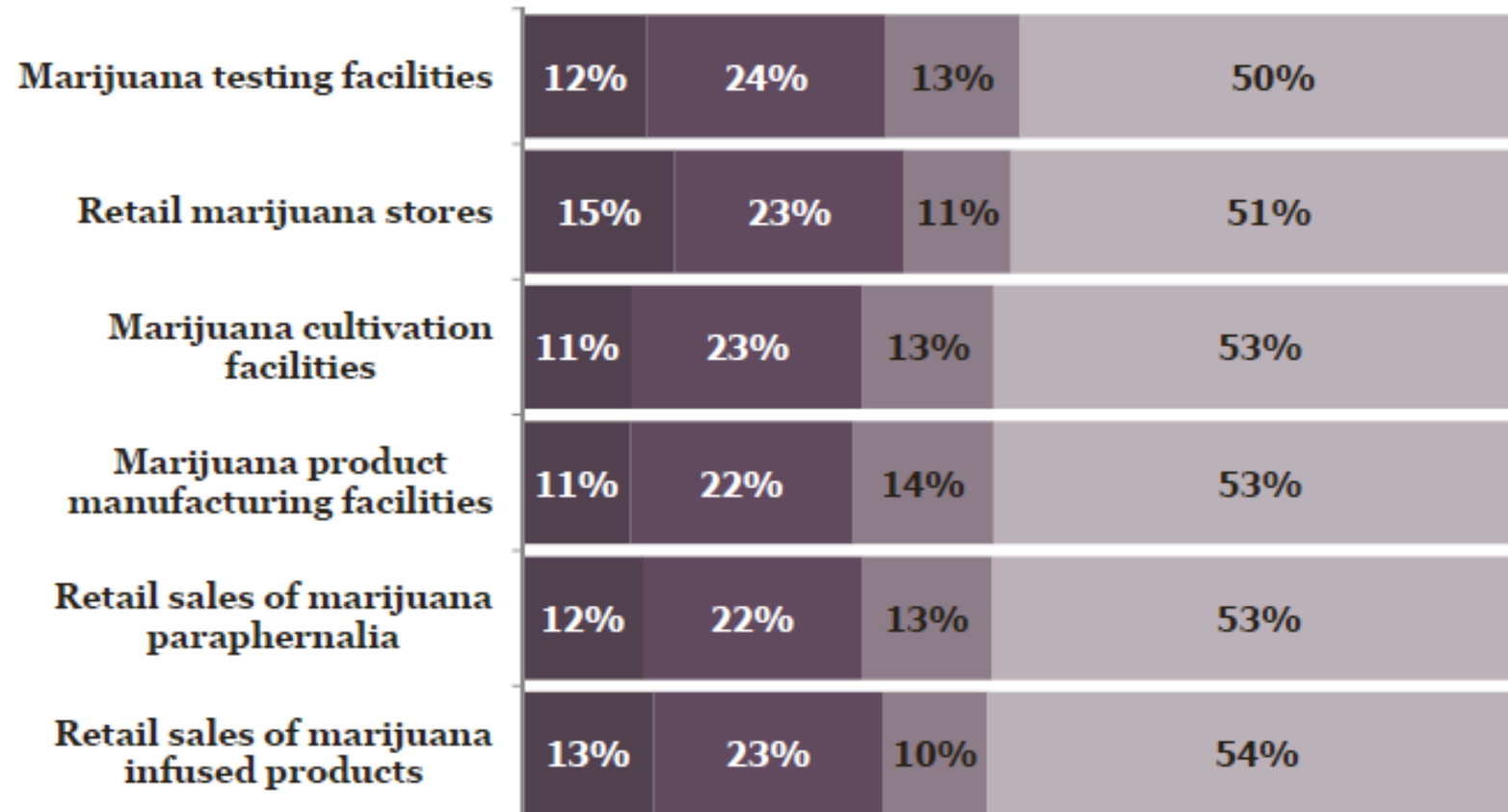


The background is a solid green color with a subtle gradient. In the four corners, there are decorative white line art elements that resemble circuit board traces or stylized trees. These elements consist of thin lines with small circles at the ends, branching out from the corners towards the center.

2015 COMMUNITY SURVEY RESULTS

Retail Marijuana Businesses

■ Strongly support ■ Somewhat support ■ Somewhat oppose ■ Strongly oppose

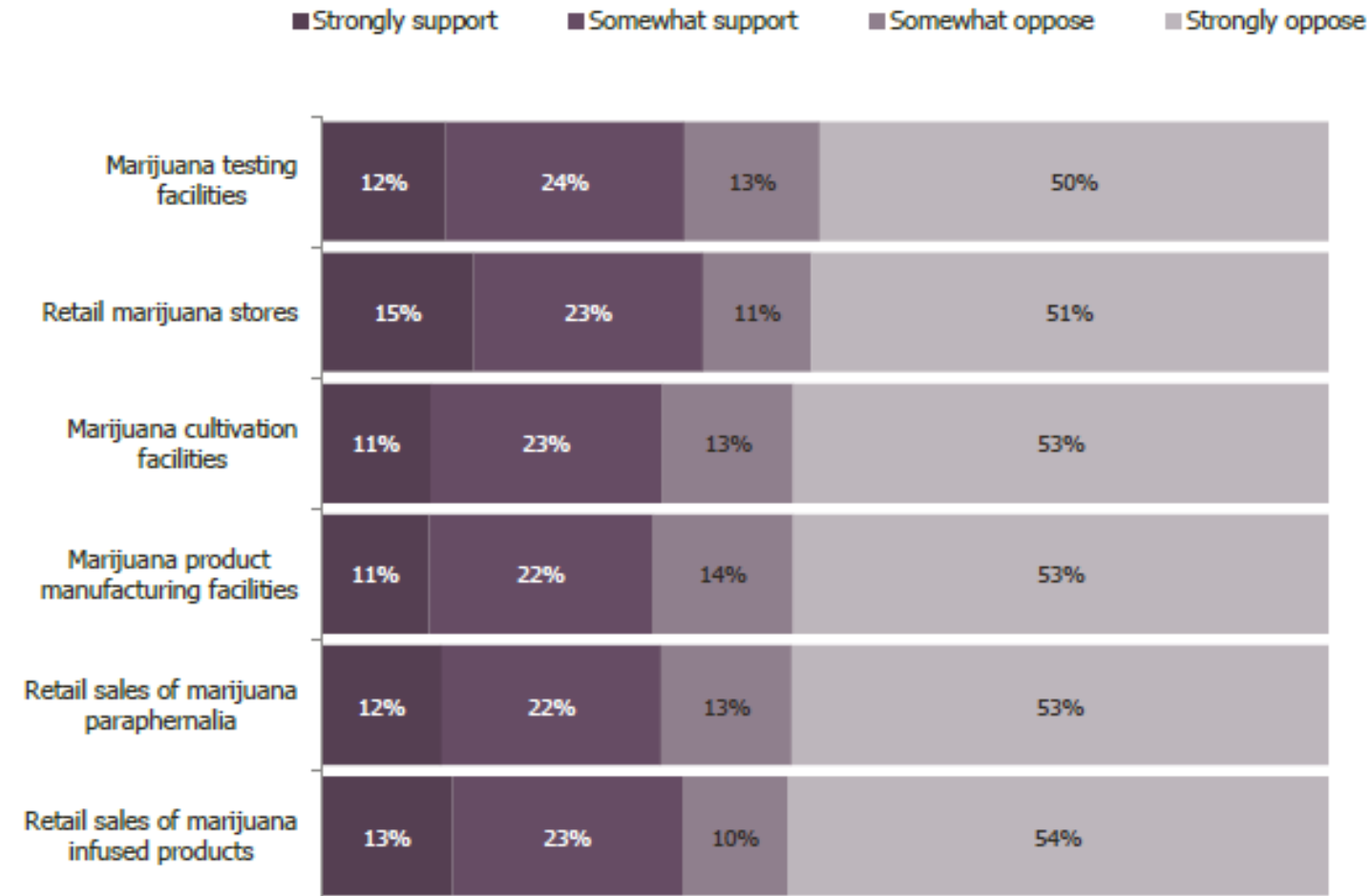


Special Topics

The Town of Erie included five questions of special interest on The NCS. The first question asked residents to indicate their support or opposition for potential future types of retail marijuana businesses. A majority of respondents strongly opposed all type of retail marijuana businesses listed.

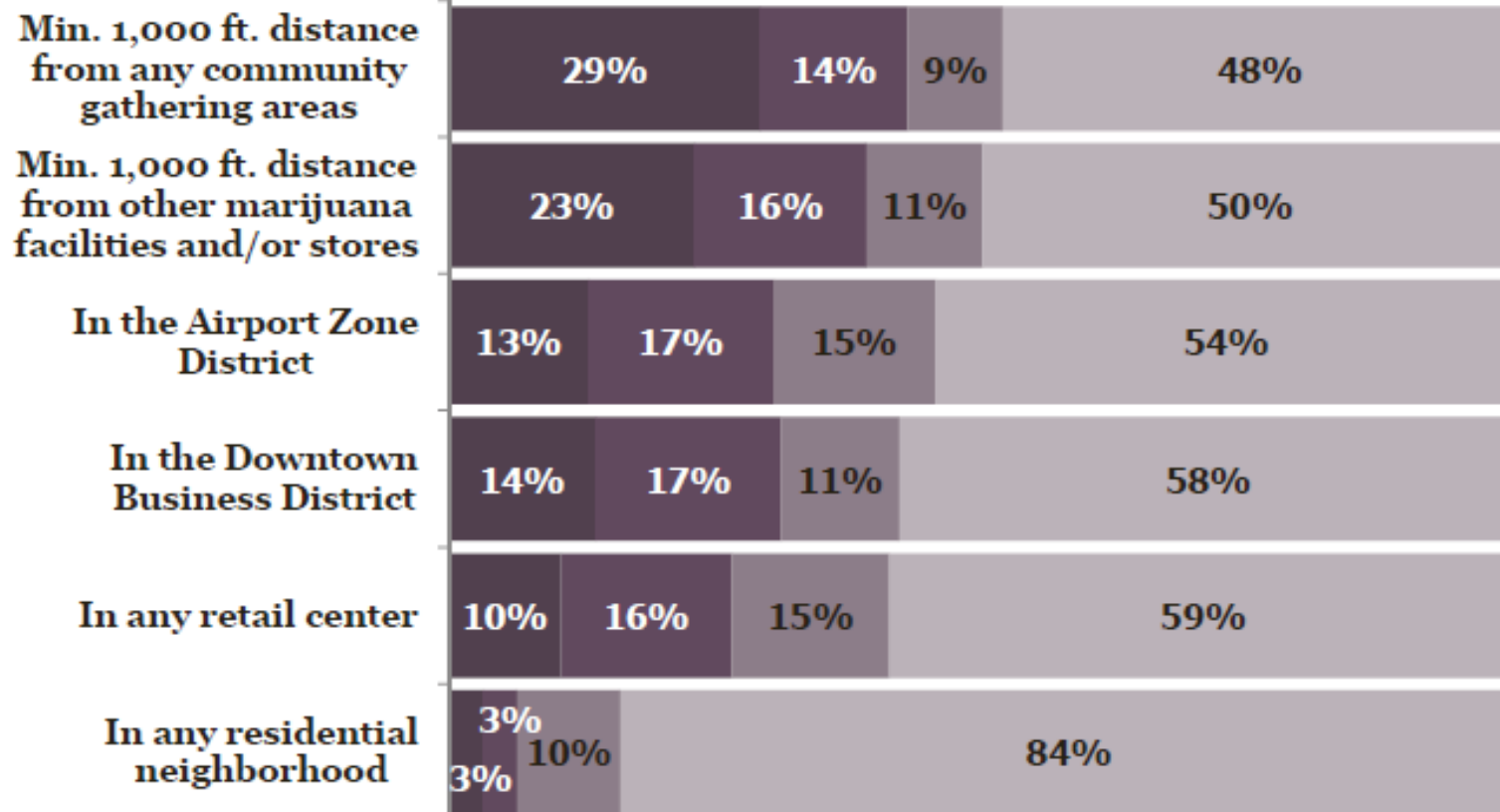
Figure 4: Retail Marijuana Businesses

The current moratorium on retail marijuana businesses in Erie is set to expire on December 31, 2015. Please indicate how much you would support or oppose each of the following in the future within Town limits:

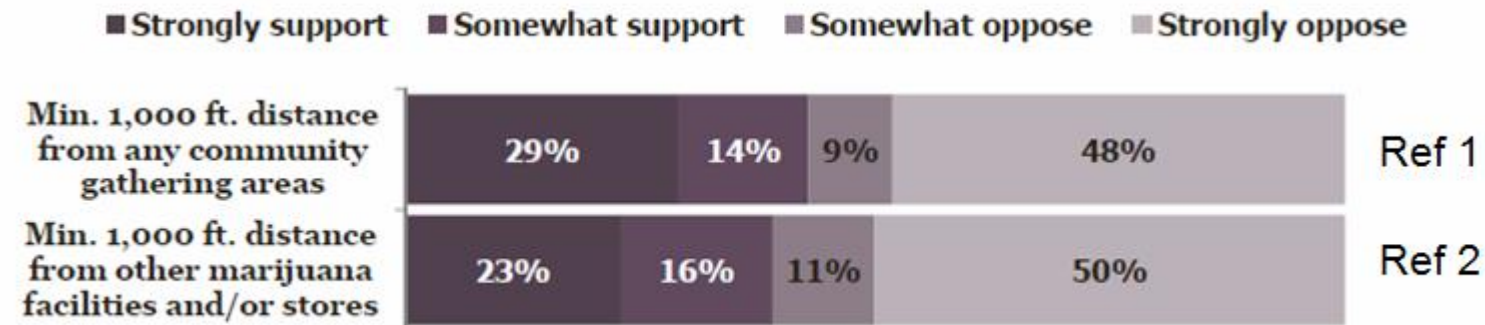


Retail Marijuana Locations

■ Strongly support ■ Somewhat support ■ Somewhat oppose ■ Strongly oppose



Retail Marijuana Locations



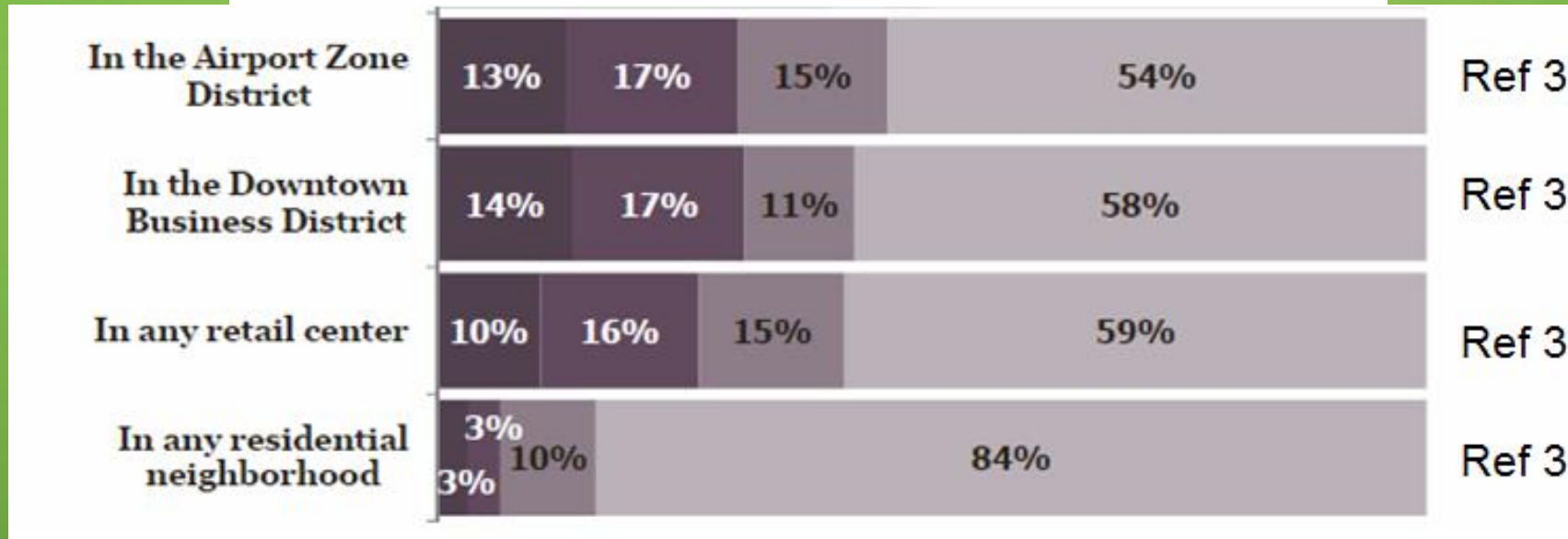
43% Support 1000 ft. minimum distance

57% Oppose the 1000 ft. minimum distance

It is unclear if this means the 57% want the 1000' distance to be greater or if they do not want such a location at all. (See Ref 1)

The question (Ref 2) related to the separation between stores/facilities is similar in nature. No specific conclusion can be derived from the results. It does, however, support the opposition (60% +) identified for **Businessess**.

Retail Marijuana Locations



The questions related to specific locations (Ref 3s) identified opposition to each mentioned location in Erie. These results appear consistent with the initial discussion of the Marijuana Committee as to potential acceptable location(s). This initial discussion focused on the commercial area along I-25 which is away from future residents, schools and other such facilities would achieve protected separation requirements.

Compared to the Amendment 64 Results (45% "NO") – 2015 Survey Results Are **More Negative With Respect to Establishing Stores in Erie** (60%+ Against)

Table 48: Question 14

The current moratorium on retail marijuana businesses in Erie is set to expire on December 31, 2015. Please indicate how much you would support or oppose each of the following in the future within Town limits:	Strongly support		Somewhat support		Somewhat oppose		Strongly oppose		Don't know		Total	
Retail marijuana stores	15%	N=176	22%	N=264	11%	N=125	50%	N=595	2%	N=27	100%	N=1187
Marijuana cultivation facilities	11%	N=126	23%	N=267	13%	N=151	52%	N=615	2%	N=25	100%	N=1185
Marijuana product manufacturing facilities	10%	N=124	22%	N=256	14%	N=162	52%	N=613	3%	N=31	100%	N=1186
Marijuana testing facilities	12%	N=143	23%	N=273	13%	N=155	49%	N=581	3%	N=33	100%	N=1184
Retail sales of marijuana infused products	13%	N=151	22%	N=265	10%	N=121	53%	N=622	2%	N=24	100%	N=1183
Retail sales of marijuana paraphernalia	12%	N=139	21%	N=252	13%	N=150	52%	N=617	2%	N=27	100%	N=1186

Table 49: Question 15

Please indicate how much you would support or oppose the following potential locations for retail marijuana facilities within the Town of Erie:	Strongly support		Somewhat support		Somewhat oppose		Strongly oppose		Don't know		Total	
In the Downtown Business District	13%	N=157	17%	N=199	11%	N=127	56%	N=664	3%	N=31	100%	N=1179
In any Light Industrial zone	17%	N=201	21%	N=253	12%	N=141	46%	N=543	4%	N=44	100%	N=1183
In the Airport Zone District	12%	N=145	16%	N=193	14%	N=168	51%	N=604	6%	N=71	100%	N=1180
In any retail center	10%	N=120	16%	N=184	14%	N=169	57%	N=674	3%	N=31	100%	N=1178
In any residential neighborhood	3%	N=37	3%	N=37	9%	N=111	83%	N=967	2%	N=18	100%	N=1169
Minimum 1,000 ft. distance from any community gathering areas (e.g., churches, schools, parks, etc.)	28%	N=328	13%	N=157	9%	N=100	46%	N=544	4%	N=45	100%	N=1174
Minimum 1,000 ft. distance from other marijuana facilities and/or stores	21%	N=239	15%	N=168	10%	N=113	45%	N=520	10%	N=115	100%	N=1154