

Changing Regional Landscape

*Rhode Island is positioned between states that have all either legalized adult use marijuana or are seriously considering doing so in 2021. **This regional landscape guarantees that Rhode Island will now be dealing with the consequences of marijuana legalization in law enforcement, public health, employment issues and beyond.** In an effort to have the most control possible over how this issue is addressed within Rhode Island’s borders and the resources necessary to do so, Governor Raimondo’s FY21 budget includes an adult use marijuana legalization proposal that would create the strictest regulatory framework for any state in the country that has legalized marijuana. This will ensure that marijuana will be tightly controlled with the greatest priority on health and safety.*

Legal With Commercial Sales:

- Massachusetts
- Maine

Legal, Implementing Commercial Industry:

- New Jersey (sales 2021)
- Vermont (sales 2022)

Poised to Legalize 2021:

- New York
- Connecticut

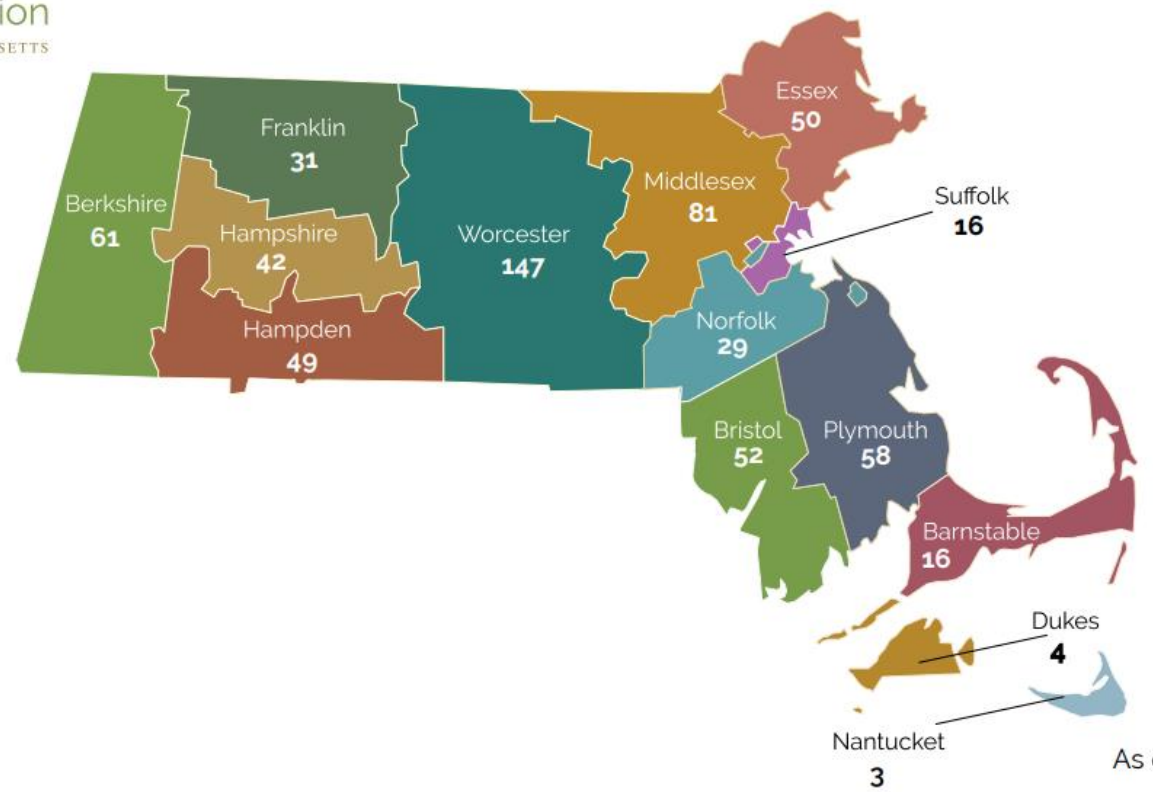
Other States with Legal Adult Use Marijuana: Colorado, Alaska, D.C., Oregon, Washington, California, Nevada, Michigan, Illinois, Arizona, Montana, South Dakota

Gallup Polling: U.S. Adults “Support for Legal Marijuana Inches Up to New High of 68%” (November 9, 2020)

<https://news.gallup.com/poll/323582/support-legal-marijuana-inches-new-high.aspx>



Adult Use (All) License Applications



As of October 1, 2020

Retail Licenses Authorized to Commence Operations

- Attleboro (1)
- Fall River (2)
- Somerset (1)
- Uxbridge (1)
- Oxford (1)
- Wareham (1)

Pending Retail Applications

- Attleboro (1)
- Fall River (3)
- Millville (1)
- New Bedford (1)
- North Attleboro (1)
- Swansea (1)
- Taunton (2)

Executive Summary

The FY21 proposal would establish a state controlled adult-use (21+) marijuana program

The State would retain one or more contractors to operate retail stores who would purchase from licensed growers and product manufacturers

This framework will establish **the strictest regulatory structure in the country, prioritizing health and safety**, including:

- State control of products and pricing
- Limits on quantities sold and product potency
- Strict packaging and labeling; no products attractive to children
- Home grow and public consumption prohibited
- Investments in drug recognition expert (DRE) training
- Investments for RIDOH/BHDDH health research, data collection, prevention, and product safety

Protecting Public Health:

- Staff and funding are provided to DOH and BHDDH for public health surveillance, data collection, prevention, and product safety
- Provides resources for public education and awareness campaigns
- Requires all products to pass laboratory testing and comply with applicable food safety rules
- No high potency products over 50% THC will be available for adult use. Only medical marijuana patients will have access to certain high potency products
- Product type, form, packaging, labeling, and advertising will be strictly regulated
- All edible servings will be ≤ 5 mg THC, individually wrapped, marked, and in child-resistant packaging
- All public consumption will be prohibited
- Vaping and smoking in multi-unit housing will be prohibited without express permission of owner/landlord

Protecting Public Safety:

- Funding is provided to state and local law enforcement for increased drug recognition expert (DRE) training
- Grants more legal weight to DRE testimony for prosecution of impaired driving
- Allows for the use of DOH-approved chemical field tests to confirm marijuana use or impairment, when available
- Includes automatic six month license suspension for anyone who refuses a chemical test
- Prohibits open containers of marijuana within a motor vehicle
- Includes severe penalties for unlicensed production and distribution and distribution to minors (\$2,000 - \$10,000)
- Prohibits all non-medical home growing

Local Control:

- Municipal control through zoning and permitting authority
- Municipalities may limit or ban licenses by ordinance until November 2021; thereafter local referenda is required
- Municipalities may collect local impact fees to offset costs associated with initial licensure and operations

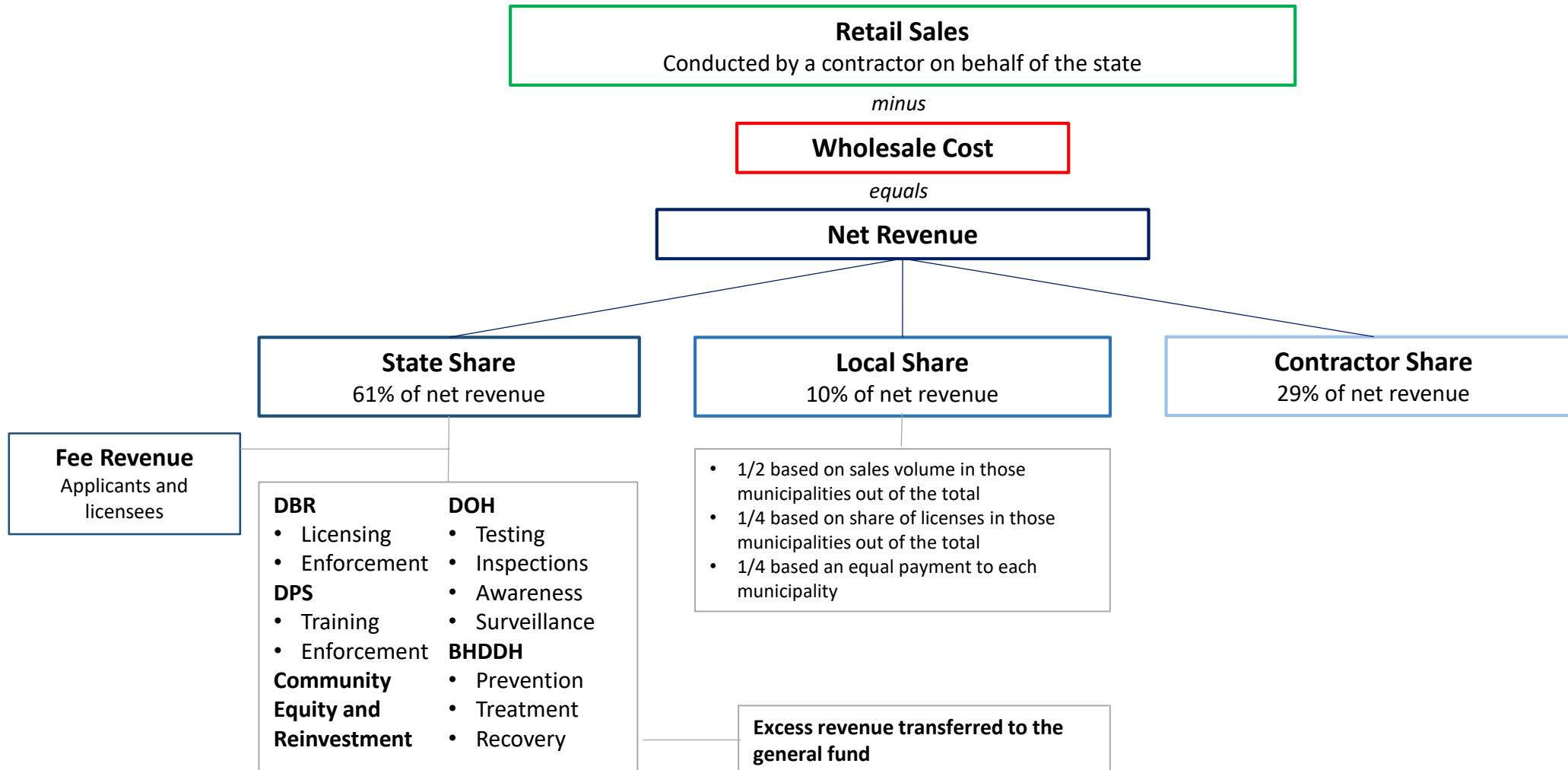
Workplace Use:

- Employers do not have to allow marijuana possession or use by employees in any workplace
- Employers may adopt their own uniform policies for employee possession and use of marijuana
- Allows employers to discipline or terminate employees who test positive for marijuana use via active THC test

Community Reinvestment:

- 10% net revenue share to municipalities; every municipality receives some funding with those hosting adult-use licenses receiving a greater share
- \$3 million will be dedicated to fostering social equity and community reinvestment through a newly created Community Equity and Reinvestment Council

Adult Use Marijuana Revenue



Adult Use Marijuana

Revenue Estimate:

- Looks at per consumer spending in Colorado and Washington
- Reduces spending assumption due to potency cap
- Calculates number of likely RI consumers based on survey trends
- Uses data from NH liquor sales to look at the price impact (lower) and sales impact (higher) of a state-run system
- Multiplies consumers by spending, removes wholesale cost to get net revenue
- **Given the delayed start, sales would not begin until FY 2022**

Expenditures:

- Office of Cannabis Regulation in DBR
 - 12 FTEs and funding for IT and operating
- DOH
 - 2 FTEs for inspection/testing
 - 2 FTEs and additional funding for surveillance/awareness
- BHDDH
 - 2 FTEs and additional funding for prevention and treatment

General Revenue (millions)	Full Year
Total Sales	\$167.7
Wholesale Cost	\$81.6
Net Revenue	\$86.0
Contractor Share (29%)	\$25.0
Municipal Share (10%)	\$8.6
State Share (61%)	\$52.5
Adult Use Licensing Fees	\$0.7

Expenditures
 If implemented before FY 2022, at least \$3.4 million in expenditures would be incurred as start-up costs, with no offsetting revenue

- DPS
 - \$0.5M in funding for state police and local training
- Community Equity and Reinvestment Council
 - Would propose expenditures related to social equity and community reinvestment