

# STATEWIDE BALLOT PROPOSAL

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Proposal 18-1 will appear on the ballot as follows:

### *Statewide Ballot Proposal 18-1*

**A proposed initiated law to authorize and legalize possession, use and cultivation of marijuana products by individuals who are at least 21 years of age and older, and commercial sales of marijuana through state-licensed retailers**

*This proposal would:*

- Allow individuals 21 and older to purchase, possess and use marijuana and marijuana-infused edibles, and grow up to 12 marijuana plants for personal consumption.
- Impose a 10-ounce limit for marijuana kept at residences and require amounts over 2.5 ounces be secured in locked containers.
- Create a state licensing system for marijuana businesses and allow municipalities to ban or restrict them.
- Permit retail sales of marijuana and edibles subject to a 10% tax, dedicated to implementation costs, clinical trials, schools, roads and municipalities where marijuana businesses are located.
- Change several current violations from crimes to civil infractions.

Should this proposal be adopted? Yes [ ] No [ ]

## The Proposal

The proposed legislation, called the Michigan Regulation and Taxation of Marihuana Act, would amend state law to allow the personal possession and use of marihuana by people 21 and older, allow the lawful cultivation and sale of marihuana and industrial hemp by people 21 and older, permit the taxation of revenue from commercial marihuana facilities, allow for the creation of administrative rules and prescribe penalties for violations of the act. A “Yes” vote supports legalizing recreational marihuana and industrial hemp under the regulations listed in the act, including taxing the businesses involved. A “No” vote opposes enacting the proposed law. The full text of the proposal is available at

[https://www.michigan.gov/documents/sos/Petition\\_-\\_Coalition\\_to\\_Regulate\\_Marijuana\\_Like\\_Alcohol\\_572185\\_7.pdf](https://www.michigan.gov/documents/sos/Petition_-_Coalition_to_Regulate_Marijuana_Like_Alcohol_572185_7.pdf)

## Background

**What is the current law?** Marihuana is legal in Michigan for medicinal purposes. Initiated Law 1 of 2008, the Michigan Medical Marihuana Act, was approved by voters in 2008 with 63% voting in support. This law provides protections for qualifying patients and growers and legalizes the use of marihuana for medicinal purposes. Qualifying patients may possess up to 2.5 ounces of usable marihuana and may cultivate 12 plants kept in an enclosed, locked facility (Michigan Medical Marihuana Act, 2008).

**Why is “marijuana” being spelled “marihuana”?** The proposed law spells it “marihuana,” which is consistent with its spelling in the Michigan Medical Marihuana Act and in federal law.

**Is marihuana legal in other states?** Nine states and Washington, D.C., have legalized marihuana for recreational use. Twenty-one other states also have legalized medical marihuana in some form (National Conference of State Legislators, 2018).

### **This proposal would:**

- Allow people 21 and older to possess up to 2.5 ounces of marihuana outside of their home, as long as no more than 15 grams is in the form of marihuana concentrate.
- Allow people 21 and older to possess up to 10 ounces of marihuana in their home and grow up to 12 marihuana plants in their home.
- Allow individuals to give away, but not sell, up to 2.5 ounces of marihuana to people 21 and older.
- Allow municipalities to limit the number of marihuana establishments within their boundaries or prohibit them altogether. Municipalities may also adopt other ordinances regulating marihuana establishments within their boundaries.
- Allow individuals to petition to initiate an ordinance to provide for the number of marihuana establishments allowed within a municipality or to completely prohibit marihuana establishments within a municipality.
- Allow landlords to prohibit the cultivation and smoking of marihuana on their property.
- Allow employers to refuse to hire job applicants, or fire existing employees, if they test positive for marihuana.
- Direct the Michigan Department of Licensing and Regulatory Affairs to implement the act, including developing a process for state licensure and writing rules for administering the act.
- Prohibit marihuana establishments from allowing the cultivation, processing, sale or display of marihuana or marihuana accessories to be visible from a public place outside the establishment.
- Impose an excise tax at the rate of 10% of the sales price for marihuana sold. Revenue from this tax would be used to:
  1. First, fund implementation and regulation of this proposed law. To ensure this, revenue would be deposited in the Marihuana Regulation Fund and would not lapse to the General Fund.

2. Then second, until 2022, or for at least two years, \$20 million annually will be provided to one or more clinical trials researching the efficacy of marihuana in treating the medical conditions of U.S. armed services veterans.

3. Remaining funds will be allocated as follows:

- 15% to municipalities in which a marihuana retail store or microbusiness is located, allocated in proportion to the number of establishments within a municipality.
- 15% to counties in which a marihuana retail store or microbusiness is located, allocated in proportion to the number of establishments within a county.
- 35% to the school aid fund to be used for K-12 education.
- 35% to the Michigan transportation fund to be used for the repair and maintenance of roads and bridges.

### **This proposal would not:**

- Allow driving while under the influence of marihuana.
- Allow smoking marihuana within 1,000 feet of a school.
- Allow smoking recreational marihuana in public, except at designated areas that are not accessible to persons under 21 years of age and that are approved for marihuana consumption by the municipality.

Allow municipalities to ban marihuana completely from their jurisdiction. A municipality could prohibit a marihuana establishment, but not the possession of marihuana by an individual.

## **Comparing Recreational Marihuana Laws in Michigan & Other States**

Several of the restrictions in the proposed law are identical to those in most other states that have legalized recreational marihuana, including that:

- Buyers and sellers must be 21 and older.
- Driving under the influence is illegal.
- It is OK to give marihuana as a gift to people 21 and older.

Michigan’s proposal differs from most other states’ laws in the quantity of marihuana it allows a person to possess. Eight of the nine other states that allow recreational marihuana, and Washington, D.C., limit personal possession to 1 ounce. Michigan would join Maine in allowing possession of up to 2.5 ounces. The impact of higher possession limits is unknown, as legal sales in Maine have not started yet. The Coalition to Regulate Marijuana Like Alcohol, the organization supporting Michigan’s initiative, says that the

2.5-ounce limit was chosen to be consistent with Michigan's medical marijuana limits (Michigan Medical Marijuana Act, 2008; Schmidt, 2018). The 12-plant limit per household is also consistent with Michigan's medical marijuana law and most other states' laws.

The proposed 10% excise tax would be among the lowest in the nation. The coalition supporting the initiative says the goal was to set a middle-of-the-road rate that would bring in new state revenue while being reasonable enough to squeeze out illegal dealers. Opponents have criticized the rate for being too low to bring in significant revenue.

By comparison, Washington State has a 37% excise tax on marijuana, which brought in \$315 million in 2017 (Washington State Treasurer, 2018). That year, Colorado's 15% excise tax brought in \$247.4 million (Colorado Department of Revenue, 2018). Both of these figures are in addition to any state or local sales tax revenue.

The Colorado Legislative Council projects \$253.8 million in total tax revenue from marijuana for the 2017–2018 fiscal year and \$271.3 million for 2018–2019 (Colorado Legislative Council Staff, 2018). The Coalition to Regulate Marijuana Like Alcohol has estimated that the tax revenue from Michigan's proposed law would be \$100 million to \$200 million a year (Biolchini, 2018). A 2014 analysis done by Nerdwallet projected just over \$120 million in tax revenue (Raghavan, 2014), though that was based on a 15% excise tax.

One of the key questions related to revenue is how it compares to the cost of regulating legalized marijuana. It's difficult to measure the exact cost because of the various levels of government and law enforcement involved. State licensing, regulation and enforcement is funded by fees paid by those seeking licenses (Joint Budget Committee [Colorado], 2018). In fiscal year 2017–2018 the cost of state licensing, regulation, and enforcement in Colorado was \$12.8 million. At the local level it's tougher to get a complete picture throughout the state. Denver, Colorado's largest city, took in \$14.6 million in revenue from marijuana-related sales tax, state transfers and licensing fees in 2015. The city spent \$6.9 million on regulation, enforcement, education and public health initiatives related to marijuana that same year (City of Denver [Colorado], 2016).

### Key Issues

When it comes to recreational marijuana legalization, the most frequent debate appears to be over whether the benefits are worth the costs and risks associated with it. This section addresses key issues related to legalization, drawing on the

most current scientific evidence available and the experiences of other states where recreational marijuana is legal.

### Health

In 2017, the National Academies of Sciences, Engineering and Medicine (NASEM) released "one of the most comprehensive studies of recent research on the health effects recreational and therapeutic cannabis use" (2017). Highlights of the study include that:

- There is conclusive evidence that marijuana is effective for treating pain and nausea.
- There is moderate evidence of no statistical association between marijuana use and incidence of lung or head and neck cancer.
- There is substantial evidence that smoking marijuana initially leads to improved lung function, but that chronic or regular use leads to worse respiratory symptoms and more frequent chronic bronchitis.
- There is substantial evidence of a statistical association between cannabis use and the development of schizophrenia or other psychoses, with the highest risk among the most frequent users.

A 2016 report from the Colorado Department of Public Health and Environment noted that children whose mothers smoked marijuana while pregnant are more likely to be born underweight, which can lead to short- and long-term complications. Evidence from Colorado also shows that about 6% of pregnant women chose to use marijuana while pregnant, compared to about 4% nationally (Colorado Department of Public Health and Environment, 2016).

### Impaired Driving

The NASEM report (2017) found substantial evidence linking marijuana use to increased risk of motor vehicle crashes. Data on accident rates from states with legalized marijuana is mixed. A study published by the American Journal for Public Health in 2017 found that three years after legalization, changes in fatality rates for Washington and Colorado were no different from those in similar states where recreational marijuana was not legal (Aydelotte, Brown, Luftman, Mardock, Teixeira, Coopwood, & Brown, 2017). Also in 2017, the Highway Loss Data Institute (2017) published a study showing collision claims in Colorado, Oregon and Washington to be about 3% higher than would have been expected without legalization.

An analysis of National Highway Traffic Safety Administration data shows that the number of drivers involved

in fatal crashes in Colorado who tested positive for marijuana has risen each year since 2013, though a positive test result does not indicate whether the driver was high at the time of the crash, because traces of marijuana can show up in blood tests for weeks after cannabis use (Migoya, 2017).

### **Youth Exposure**

For many, the impact of marijuana on young people is a primary issue of concern. The NASEM study (2017) found substantial evidence that earlier marijuana use is associated with higher risk of addiction and moderate evidence of cognitive impairment related to learning, memory and attention. Early exposure has also been linked to use of other illicit drugs (National Institute on Drug Abuse, 2018). But most of the evidence, including data from the National Survey on Drug Use and Health (Substance Abuse and Mental Health Services Administration, 2017) and a report from the Drug Policy Alliance (2017) on marijuana legalization in Colorado, Washington, Alaska, Oregon, and Washington, D.C., suggests there has been no change in the rate of youth use of marijuana since legalization. Some studies have found increases in frequency of use for teenagers who had already tried marijuana (Oregon Research Institute, 2018).

The Colorado Department of Public Health and Environment estimates that at least 14,000 children in Colorado are at risk of accidentally eating marijuana products that are not safely stored, and at least 16,000 are at risk of being exposed to secondhand marijuana smoke (2016).

### **Economic Impact**

Early evidence on the economic impact of marijuana is mostly positive. Researchers at Colorado State University found that the marijuana industry had an economic impact of about \$58 million in Pueblo County in 2016, while leading to added costs of about \$23 million. They estimate that the net impact could rise to nearly \$100 million per year by 2021 (Colorado State University – Pueblo: Institute of Cannabis Research, 2017). Another study found that legalized marijuana leads to an increase in housing values (Cheng, Mayer, & Mayer, 2018). A study by the Federal Reserve Bank of Kansas City found that direct employment in the marijuana industry had contributed to about 5.4% of all employment growth in Colorado since 2014, though it made up just 0.7% of total employment in Colorado for the period. Similarly, while tax revenue from marijuana sales continues to grow, it accounts for just 2% of the general fund revenue in Colorado (Felix & Chapman, 2018).

### **Opioid Connection**

One interesting development in states that have legalized marijuana, and even in states that have legalized medical marijuana, is a reduction in opioid use. Two recent studies, one by researchers from the University of Georgia (Bradford, Bradford, Abraham, & Adams, 2018), and one led by a researcher from the University of Kentucky (Wen & Hockenberry, 2018), showed decreases in the rate of opioid prescriptions in states where marijuana is legalized for medical or recreational purposes. A third study found that Colorado’s legalization of recreational marijuana has resulted in a reduction in opioid-related deaths, reversing the previous upward trend (Livingston, Barnett, Delcher, & Wagenaar, 2017).

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