

Updates to the Marijuana Regulatory Structure

After reviewing the first two years of the legalization of retail marijuana and studying its impacts, the Office of Marijuana Policy and various city agencies are proposing to amend the Denver Revised Municipal Code (DRMC) by 1.) Extending the transition phase for retail marijuana for another two years to January 1, 2018; 2.) Placing a moratorium on new applications for all types of medical marijuana business licenses; and 3.) Providing for more robust community engagement when opening new marijuana stores or centers or when transferring the location of a marijuana store or center; and 4.) Making other administrative-type changes including closing gaps, standardizing procedures, and strengthening regulations.

Background

- Denver has developed robust rules, regulations and policies to ensure that the marijuana industry is held to the highest standards for safety and operation.
- Denver is committed to continually tracking, monitoring and assessing impacts of marijuana legalization and making changes and evolving as it learns more.
- When Denver adopted its Retail Marijuana (RMJ) Ordinance, it established a two-year transition period during which only existing eligible Medical Marijuana (MMJ) businesses could apply to become an RMJ business.
- The transition period is set to expire on January 1, 2016.
- The transition period has not limited MMJ licensing and new MMJ applicants have applied for and been granted MMJ licenses at an unexpectedly high rate.
- The transition period provided Denver with time to track and monitor the early impacts and outcomes of marijuana legalization.
- The assessment at the end of this two years is that while the MJ industry is still in its infancy there is an abundance of marijuana product and businesses in Denver, giving us reason to pause to gain a better understanding of the impact of this robust industry.

Concerns

- Denver is saturated with marijuana businesses.
- Denver has over 1,000 marijuana licenses operating out of over 440 unique locations.
- Denver has 40% of the marijuana licenses in the state of Colorado.
- Marijuana supply may be meeting demand or close to meeting demand and some of the risks of overproduction include diversion to the black market and/or youth sales.
- Other Colorado jurisdictions have “opted out” of RMJ entirely and many of those that have “opted in” have capped the number of businesses.

Additional Considerations

- The proposed ordinance revisions give Denver an additional two years to assess the impacts of legalized marijuana before we allow the industry to expand further while still allowing consumers access to both medical and retail product.
- It will give Denver time to gain a better understanding of the supply and demand for marijuana.
- It will give Denver time to gather more baseline data to answer some fundamental questions about the impact this new industry is having or could have on Denver.
- It will allow the city infrastructure additional time to adjust and respond to managing over 440 marijuana business locations.