

**Senate Committee on the Judiciary**

**“Conflicts between State and Federal Marijuana Laws”**

**September 10, 2013**

**Questions for the Record from Ranking Member Charles E. Grassley**

**Jack Finlaw, Chief Legal Counsel**

**to Colorado Governor John Hickenlooper**

1. In 2010, Colorado was the source state for 10% of all marijuana interdicted in Iowa. That number grew to 25% in 2011, and to 36% in 2012. This is all before legalization of recreational use there. In the words of your Attorney General, the state is becoming “a significant exporter of marijuana to the rest of the country.” Does Colorado have any specific, concrete steps it either has taken or plans to take in the wake of its legalization of marijuana that would protect states like Iowa from receiving diverted marijuana from Colorado?

**Response: Colorado is committed to preventing the diversion of marijuana grown in Colorado to states where marijuana is still illegal under state law. In response to the citizen-initiated state constitutional amendment legalizing marijuana in Colorado, which was approved by voters in November 2012, the Governor and the Colorado General Assembly enacted enabling legislation in May 2013 that established a robust regulatory and enforcement regime for the oversight of the production and distribution of recreational marijuana. In September 2013, the Colorado Department of Revenue issued rules for the recreational marijuana industry that address licensing and residency requirements, inventory and tracking requirements for grow, product manufacturing and retail operations, and other rules constraining the production and distribution of marijuana in our state. The state also will be undertaking a market study in the months ahead to better understand the Colorado market for recreational marijuana and to guide the setting of marijuana production caps to be sure that there is a balance between in-state supply and demand. Our goal is to have permanent rules on production caps in place by mid-2014.**

2. You testified that part of the solution to the problems of increased use of marijuana among youth in Colorado and the state’s lack of enforcement of its medical marijuana laws lies in the receipt of increased revenues from taxing marijuana. Is it your position that the legalization and taxation of marijuana will result in a net financial gain for your

state? If so, what is the basis for that conclusion, given the public health, safety, and other social costs that will likely result from the legalization of marijuana?

**Response:** The newly established Marijuana Enforcement Division in the Colorado Department of Revenue will regulate the cultivation, processing and sale of both medical and recreational marijuana, and it is hiring staff to enforce the new laws and regulations. The Marijuana Enforcement Division will also hire a liaison to federal, state and local law enforcement so that suspected criminal violations can be investigated in a timely manner. A key to successful regulation and enforcement is funding. The current funding structure for the regulatory system is not adequate and requires funds to be diverted from other state priorities such as education and health care. In November 2013, Colorado voters will be asked to approve a new special 10% sales tax on recreational marijuana, the proceeds of which will be used to fund the work of the Marijuana Enforcement Division and state and local law enforcement as well as marijuana-related costs for health care and education and prevention efforts. Passage of the special marijuana sales tax is a critical condition precedent to our ability to keep marijuana grown in Colorado from flowing into interstate commerce. Without revenue from the special marijuana sales tax, educational efforts aimed at preventing the use of marijuana by children and youth may not be funded.