

CANNABIS STATE-BY-STATE REGULATIONS

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The Tracking Cannabis blog is proud to present our fifth state-by-state ranking of cannabis regulations, based on how favorable they are to the cannabis industry. Our guide provides a state-by-state review of current cannabis law. In addition, you can find an update on the cannabis regulatory status of each state in the chart that follows, including the years of legalization for adult-use and medical-use cannabis.

New to this year's list is a change in the #1 ranking. California dropped out of the top spot and now comes in at #4. Michigan (formerly #7) leads the list with its accelerating cannabis industry sales, followed by #2 Illinois. A number of other states including Missouri and New York made big leaps as well, with this year's list overall showing more significant shakeups than in 2022.

Although it is not accounted for in our rankings, the gap between federal and state law has always been a challenging issue for state legislators and prosecutors. Recent federal developments have been positive, with top Biden administration health officials recommending in August 2023 that the DEA reschedule cannabis to Schedule III under the Controlled Substances Act, a move that would result in meaningful tax relief for cannabis businesses nationwide.

Further, in September 2023, the Senate Committee on Banking, Housing and Urban Affairs voted in favor of advancing the Secure and Fair Enforcement Regulation (SAFER) Banking Act to the full chamber's floor. The legislation would open banking access to cannabis businesses by providing safe harbor to financial institutions that work with them. The historic vote marked the first time a cannabis banking bill had cleared a Senate committee.

Nevertheless, federal uncertainty remains as there is no certainty that rescheduling will occur and/or that the SAFER Banking Act will pass, and neither will legalize cannabis federally.

You can find our full rankings in the following pages, with detailed information about the cannabis environment in each state. To jump to the full regulatory summary for a particular state, just click on the state name in the chart on the next page.

Our methodology

Jurisdictions are ranked on the following factors:

1. **Cannabidiol (CBD) derived from marijuana plants (THC concentration equal to or greater than 0.3 percent on a dry weight basis)** – legality and required qualifications;
2. **Medical cannabis** – legality and required qualifications;
3. **Recreational cannabis** – legality and issuance of commercial cannabis licenses;
4. **Non-profit cannabis entities** – permissibility and requirements;
5. **Commercial cannabis licenses** – availability, caps and restrictions;
6. **Cannabis regulatory agencies** – authority and qualifications;
7. **Developments and trends** – support for ongoing cannabis legalization measures; and
8. **Business opportunities** – number of operators, consumers and untapped industry potential.

Note: This ranking is subjective, and different factors weigh more heavily in different states. All of the information regarding each state is current as of the date of this posting. However, laws are constantly changing and with each election the statutes in any particular state may also change. In addition, this list does not consider federal laws, which may be consistent on a national level but can be applied selectively on a state level.

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State	Rank	A-U	M-U
Alabama	33	N	2021
Alaska	29	2014	1998
Arizona	3	2020	2010
Arkansas	35	N	2016
California	4	2016	1996
Colorado	11	2012	2000
Connecticut	21	2021	2012
Delaware	24	2023	2011
District of Columbia	19	2014 ¹	2010
Florida	12	N	2016
Georgia	39	N	N
Hawaii	25	N	2000
Idaho	52	N	N
Illinois	2	2019	2014
Indiana	45	N	N
Iowa	42	N	[2017] ²
Kansas	47	N	N
Kentucky	37	N	2023
Louisiana	31	N	2016
Maine	16	2018	1999
Maryland	14	2022	2014
Massachusetts	6	2016	2012
Michigan	1	2018	2008
Minnesota	18	2023	2014
Mississippi	38	N	2022
Missouri	7	2022	2018

State	Rank	A-U	M-U
Montana	30	2021	2004
Nebraska	51	N	N
Nevada	5	2017	2001
New Hampshire	34	N	2013
New Jersey	9	2020	2010
New Mexico	15	2021	2007
New York	8	2021	2014
North Carolina	49	N	N
North Dakota	40	N	2016
Ohio	20	N	2016
Oklahoma	28	N	2018
Oregon	10	2014	1998
Pennsylvania	17	N	2016
Rhode Island	27	2022	2006
South Carolina	50	N	N
South Dakota	44	N	2021
Tennessee	46	N	N
Texas	23	N	[2015] ³
U.S. Virgin Islands	43	2023	2019
Utah	32	N	2018
Vermont	26	2018	2004
Virginia	22	2021	2017
Washington	13	2012	1998
West Virginia	36	N	2017
Wisconsin	41	N	N
Wyoming	48	N	N

¹ Although Washington D.C. legalized adult-use cannabis in 2014 under Initiative 71, the sale of adult-use cannabis remains prohibited.

² M-U isn't considered fully "legal" in Iowa; the Medical Cannabidiol Act was signed into law in May 2017, but is very limiting.

³ M-U isn't considered fully "legal"; TX passed the Compassionate-Use Act in 2015, but the act is strictly low-THC.

#1: Michigan (2022 Ranking #7)



On November 6, 2018, Michigan voters legalized adult-use cannabis with the passage of Proposal 18-1, also known as the Michigan Regulation and Taxation of Marijuana Act (MRTMA). With its enactment, Michigan became the 10th state to legalize recreational cannabis and the first to do so in the Midwest. Previously, in 2008, the Michigan Medical Marijuana Act (MMMA) legalized the use and possession of cannabis by any Michigan resident diagnosed with a debilitating medical condition. Presently, the term “debilitating medical condition” encompasses 22 named ailments, along with a catch-all provision that may qualify a patient for a medical-use cannabis prescription.

For individuals aged 21 and older, the MRTMA legalizes the possession of up to 2.5 ounces as well as the cultivation of up to 12 marijuana plants for personal use. The new law tasks the Department of Licensing and Regulatory Affairs with promulgating rules and procedures for issuing cannabis licensing in the state. Michigan does not cap the number of licenses at the state level, although municipalities are authorized to do so — municipalities may also ban the sale of recreational marijuana altogether. The state issues licenses for growers, processors, retailers, and secure transporters. Growers may apply for three different classes of license: Class A are allowed to cultivate 500 plants, Class B are allowed 1,000, and Class C are allowed 1,500. Non-residents were initially prohibited from applying for Class A marijuana grower licenses and marijuana microbusiness licenses; this ban was lifted in December 2021. Non-Michigan residents are also permitted to invest in Michigan cannabis businesses.

The general regulatory framework established under the MRTMA is particularly business-friendly, as it establishes tax rates lower than most other adult-use states: 6% sales tax and 10% excise tax. However, businesses have struggled in the state recently due to market saturation, particularly given that the regulatory framework has created relatively low barriers to entry. Over the course of two years, the number of licensed growers jumped from 350 to 825, leading to more than a four-fold increase in the number of plants grown in the state. The Michigan Cannabis Regulatory Agency reported that the price of an ounce of adult-use flower dropped from \$512 to \$80 between 2020 and 2023. Price compression has led cannabis businesses to struggle. Lume Cannabis, one of the largest dispensary chains in the state, closed four stores in July 2022. In early 2023, Green Peak Industries, the parent company of retail chain Skymint, which operates 25 dispensaries and three indoor cultivation sites, entered receivership after being sued by a Canadian lender over \$127 million in debt.

For medical-use cannabis-related businesses wishing to operate within the state, Michigan issues licenses that vary depending upon the company's actual activities. Each license is subject to different statutory qualifications. In 2016, Michigan enacted the Medical Marijuana Facilities Licensing Act (MMFLA), which provided for the licensure of growers, processors, secure transporters, provisioning centers, and safety compliance facilities. Once obtained, all of the aforementioned licenses may be transferred after state approval. However, there are some statutory limitations on the production of medical-use cannabis. The limitation depends on the company's class of license.

On the municipal level, cannabis activity is regulated by local governmental authorities. In towns such as Ann Arbor, where an annual “Hash Bash” event has been celebrated by residents and University of Michigan students for almost 50 years, local ordinances regulate and license cannabis dispensaries. The state's first cannabis consumption lounges opened in 2022.

On June 17, 2021, the U.S. District Court for Eastern District of Michigan granted a preliminary injunction preventing Detroit from processing recreational marijuana licenses. The Court found that a city ordinance giving preferential treatment to “Detroit legacy” applicants (those who have lived in Detroit for at least 10 years) conferred a likely unconstitutional advantage to long-term city residents over all other applicants. Additionally, Gov. Gretchen Whitmer signed a bill that regulates delta-8 THC, restricting its sale to licensed marijuana dispensaries beginning in October 2021.



In the first full year of Michigan's adult-use program, marijuana sales topped \$500 million and hit \$1 billion in 2020. Sales have continued to accelerate, topping \$1.8 billion in 2021 and jumping to \$2.3 billion in 2022. July 2023 set a new record in monthly sales, at \$276 million, and based on current monthly sales averages total 2023 sales are expected to reach \$3 billion. As of July 2023, 700 retailers are licensed in the state.

While California holds the distinction of the largest cannabis market, with \$5.3 billion in 2022 sales, Michigan's sales per capita figures exceed the Golden State (2022 sales in Michigan were \$229 per resident, compared to \$135 per resident in California). The state's sales are driven in part by its location next to Wisconsin and Indiana, where adult-use cannabis sales are prohibited.

#2: Illinois (2022 Ranking #6)

On June 25, 2019, Gov. J.B. Pritzker signed H.B. 1438, also known as the Illinois Cannabis Regulation and Tax Act, into law. In doing so, Illinois became the first state to legalize adult-use cannabis through legislation rather than by voter referendum.

The bill legalized adult usage and purchase of cannabis, legally allowing Illinois residents ages 21 and older to possess up to the equivalent of 30 grams of cannabis flower, five grams of cannabis concentrate, or 500 milligrams of THC for recreational purposes. Unlike medical cannabis patients, however, adult users are not permitted to grow the plant at home.

Under the 2014 Compassionate Use of Medical Cannabis Pilot Program Act, which legalized cannabis for medical purposes, patients were initially allowed to possess a maximum of 2.5 ounces of usable cannabis throughout a 14-day period. Medical users are now subject to the same requirements as adult users, though, with the primary exception being that members of the medical cannabis program are allowed to possess more than 30 grams of home-grown and secured cannabis.

To assist "social equity applicants" with startup costs, lawmakers passed H.B. 1438, which created a \$30 million loan program. Applicants qualify on the basis that they reside in a disproportionately impacted area and have been convicted of a cannabis charge eligible for expungement by the new law. H.B. 1438 does not affect medical cannabis users, except that the bill mandated that any medical dispensary – many of which are multistate operators – could apply for an Early Approval Adult-use Dispensing Organization License within 60 days of its passage. In a shortage, such dispensaries must prioritize medical patients over recreational purchasers. An excise tax of 10% is imposed on products with less than 35% THC, and a tax of 25% is imposed on products with higher doses.

The new law went into effect as of January 1, 2020, officially marking the launch of recreational cannabis sales in Illinois. The program faced significant challenges resulting in licensing issues and delays in fund allocations. As a result, Illinois shifted course and began to offer forgivable loans of amounts between \$50,000 and \$500,000 to social equity cannabis licensees. In addition, under the new law, Gov. Pritzker expunged over 800,000 low-level marijuana possession charges.

Prior to May 1, 2020, medical cannabis dispensaries were the only licensed industry retailers in Illinois. The state has since continually awarded new cannabis industry licenses, notwithstanding litigation surrounding the lottery process for social equity retail applicants and other issues. In October 2022, the first social equity craft cannabis grower opened for business in Illinois, the first recreational applicant of 342 licensees to do so. Then, in November 2022, Illinois licensed its first social equity adult-use retailers.

Adult-use retail licenses are being awarded, with the purpose of promoting equity and expanding market access. In a speech at the Benzinger Cannabis Capital Conference in September 2023, Gov. Pritzker touted Illinois' legislation for



creating “the most equitable, accessible and prosperous cannabis ecosystem in the nation” and stated that the program intentionally left portions of the market open so that social equity applicants can obtain licenses and capital. Gov. Pritzker said as of September 2023, 50 social equity licensees had opened for business in the state.

Despite said licensing delays, Illinois sold more than \$1 billion in legal marijuana – medical and recreational sales combined – and collected over \$205 million in tax revenue in 2021. The following year (2022) saw a continued upward trend in industry growth, with \$1.5 billion in sales and over \$560 million in tax revenue. The state is home to some of the largest multi-state operators in the country, including Green Thumb Industries, Verano Holdings, PharmaCann, Cresco, and Ascend Wellness.

As of 2023, alterations to the application process for social equity licensees have expanded license opportunities. A removal of residency requirements and a reduction in application fees (at the expense of limiting the number of licenses and number of regions that a single applicant can file), for example, speak to these developments in inclusivity.

Legislative efforts to further develop regulations for the cannabis market have seen recent delays over disputes on how to regulate delta-8 THC. Specifically, proposals to regulate delta-8 THC shelved SB 1559 until the 2023 fall session. The bill would have increased canopy space for craft growers, allowed drive-through and curbside pickup for dispensaries, and extended the timeline for social equity retail license holders to secure real estate for their businesses.

#3: Arizona (2022 Ranking # 9)



Both medical and adult-use marijuana are legal in Arizona. Medical marijuana has been legal since 2010, and physicians are permitted to prescribe “allowable amounts” of marijuana to patients with qualifying conditions. In Arizona, the admissible prescription proportion is 2.5 ounces of usable marijuana per every two weeks. As of August 2023, 149,000 residents of the state are registered to purchase medical marijuana. This number is down from previous years (there were 278,000 registered patients in August 2020), likely due to a vast increase in recreational marijuana purchases. The delivery of medical marijuana to a qualifying patient is permissible, as long as the dispensary adheres to all relevant guidelines.

Qualified medical patients may not be discriminated against or penalized by an employer on the basis of their status as a cardholder. Additionally, patients may not be penalized on account of a positive drug test for marijuana, unless they used marijuana at their place of employment or during employment hours.

On November 30, 2020, Arizona voters legalized the commercial sale and adult use of recreational marijuana by voting in favor of Proposition 207, the Smart and Safe Act. Arizona’s first state-licensed sale of adult-use cannabis took place on January 22, 2021, marking the most rapid transition from voter approval to state-licensed sale of marijuana.

The Act permits recreational users to possess up to 1 ounce of marijuana, of which no more than 5 grams may be in the form of marijuana concentrate. It also permits users to grow up to six plants at home. Adults may also transfer the same amounts to other adults over the age of 21 as long as the transfer is not in exchange for payment. The Act states that there will be a 16% excise tax collected on the retail sale of adult-use marijuana (there is no excise tax on the retail sale of medical marijuana).

The Arizona Department of Health Services governs the licensing of marijuana establishments (who are permitted to operate one of each of the following: retail location, off-site cultivation location, and off-site manufacturing facility) and marijuana testing facilities. The Department is not permitted to issue more than one marijuana establishment license for every 10 pharmacies operating within the state. Additionally, the Department may not issue more than two marijuana



establishment licenses per county in which no registered non-profit medical marijuana dispensaries operate, or more than one marijuana establishment license per county in which one registered non-profit marijuana dispensary operates. Licensing fees and renewal fees for marijuana establishments and marijuana testing facilities may not exceed five times the fees to register or renew registration for a non-profit medical marijuana dispensary.

The licensing regime permits dual licensees: entities who hold both a Nonprofit Medical Marijuana Dispensary Registration Certificate and a Marijuana Establishment License. Such licensees are permitted to operate a single retail location through which they dispense both medical marijuana to qualifying patients and adult-use marijuana to individuals aged 21 and older.

Total reported sales from 2022 and 2021 mirrored one another – both years brought in \$1.4 billion – but the paths that led to such an amount were strikingly different. In 2021, medical marijuana sales accounted for nearly 55% of the total. In 2022, however, recreational cannabis dominated the market, accounting for 70% of sales. The recreational market closed out 2022 with its best monthly total yet of \$86.6 million. Combined adult-use and medical sales were \$111 million in May 2023.

As of September 2023, a total of 148 recreational and medical facilities were operating, according to the Arizona Department of Health Services, with the largest retailers including 4Front Ventures, Sunday Goods & the Parm, and Nature's Medicines. Large multistate operators have a strong presence in Arizona, including Florida-based Trulieve, which acquired Arizona retailer Harvest Health & Recreation in 2021. Trulieve's Arizona operations extend to cultivation as well, and in February 2022 the company acquired a 64,000- square-foot cultivation facility in Phoenix, its fifth cultivation facility in Arizona.

#4: California (2022 ranking: #1)

Much of California's sizable cannabis market can be attributed to its early legalization of medical use; the state was the first in the nation to do so. In 1996, California legalized medical cannabis with the passage of the Compassionate Use Act (CUA), otherwise known as Proposition 215.

The subsequent establishment of the Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which was approved by voters in 2016 and came into effect January 1, 2017, laid a uniform licensing framework within which both medical and recreational cannabis use could occur across the state. By 2022, California's legal cannabis market represented roughly 20% of the \$26 billion industry nationwide, bringing in a recorded \$5.3 billion in sales in that year alone.

In 2021, Assembly Bill No. 141 passed, effectively combining the three designated agencies created by the MAUCRSA into the Department of Cannabis Control (DCC), the agency responsible for licensing and regulation of cannabis. The DCC consolidated the Bureau of Cannabis Control, the California Department of Public Health, and the California Department of Food and Agriculture. Its licensing system is complex; it offers a minimum of 20 license classifications, all of which operate under an elaborate set of regulatory requirements established by DCC-adopted emergency regulations.

License types include adult use, medical use, different types of cultivation and manufacture, retailer or distributor, testing, and microbusiness. Once a license is granted, it is non-transferable and ownership transfers must abide by strict change of control requirements and approval processes on both the local and state level. There are no DCC-defined limits on the number of licenses that can be granted, but the requirements for obtaining one are rigorous. MAUCRSA grants municipalities the power to further regulate commercial cannabis or to prohibit it altogether, and under the state's dual licensing system operators must secure both a state and local license.



To receive a state license, applicants must be residents of California, pass a background check, provide proof of a legal right to use the proposed location, apply for and obtain a valid seller's permit, provide proof of bond, and describe their operating procedures in detail. California possesses the largest cannabis regulatory regime in the world, and DCC has struggled to keep up with filling positions and conducting investigations.

Although there is no concrete limit of the number of licensed cannabis businesses within the state, licensees face significant hurdles in terms of regulation and compliance. As of July 2023, California has ceased to grant provisional licenses for most sellers, including local equity applicants. Its primary focus has shifted to permanent licenses by 2026, at which point all provisional licenses will be nullified.

Despite its historical presence as a hub for adult-use and medical cannabis, California's market still has tremendous opportunity for growth. California was the first state to create a regulated medical cannabis market and among the first for adult use, but nearly half of all counties and municipalities in California still prohibit commercial cannabis activities. Legal operators are forced to compete with unlicensed businesses that bypass the lengthy licensing process, don't pay taxes or compliance fees and have historically faced limited enforcement efforts from the state.

Legislators in California have been working to improve the downward trend in the Golden State with new legislation and enforcement measures. Passed in June 2022, Assembly Bill 195 eliminated California's cannabis cultivation tax, created new tax credits for certain cannabis businesses and shifted responsibility for collecting cannabis excise tax from distributors to retailers. In addition, California's Unified Cannabis Enforcement Taskforce, a new organization to combat unlicensed sale, is increasing enforcement. For the first half of 2023, the task force seized nearly \$162 million in unlicensed products, building on an increase in unlicensed product seizure since 2021. Despite these efforts, the illicit market is still considered to be nearly double the size of the regulated market in the state.

Recently, multiple cannabis businesses have seen their employees enter into union agreements, such as the International Brotherhood of Teamsters, in step with California's worker-friendly marijuana legalization laws. Before receiving a state license, businesses must enter into an agreement with a labor organization that establishes a timeframe where workers agree not to disrupt business operations, while employers allow employees to organize. There have been wrinkles in application, however, where some businesses have signed agreements with labor organizations that are not considered to hold a good-faith intent to represent employees. One instance in July 2023 found that 12 businesses had signed agreements with an organization that California's Agricultural Labor Relations Board did not consider legitimate based on investigation, and in turn notified businesses that they would be in violation of their license agreements.

Recent cannabis sales in the state have seen a slight downturn: A reported \$5.3 billion in sales in 2022 in comparison to a reported \$5.77 billion in 2021 evidenced the first drop in sales since the state's adult-use market launched. Sales in 2023 through June 30 were \$2.6 billion, putting operators on track to see another year of decreased sales. Critics credit this drop to the thriving illicit cannabis market, surplus in stock, local governments' reluctance to accept legal cannabis, and high taxes, including a 15% excise tax that is much higher than that for other substances such as alcohol.

The challenges stemming from a downturn in sales have only increased in light of a credit crisis within California's cannabis industry, where collections and outstanding debt have caused fear of a future collapse. The state already has seen major distributor Herbl enter into receivership, with its business partners facing the risk of losing out on millions of dollars owed and the state missing out on unpaid taxes. In May 2023, dozens of industry participants started Financial Stability for California Cannabis, seeking to find solutions for retailers leaving unpaid invoices to brands and distributors.

These struggles have led to a decline in value of cannabis merger and acquisition deals, with some multi-state operators such as Trulieve winding down sales and shuttering operations in California, and other large operator facing grave challenges, including Herbl, one of the state's largest distributors, which entered receivership in June 2023.

In September 2022, California passed AB 2188, which works to prohibit employment discrimination based on a person's use of cannabis "off the job and away from the workplace, except for preemployment drug screening" and other



specifically enumerated circumstances. SB 1186, which was also passed in September 2022, pre-empts local bans on medical cannabis delivery.

SB 1326, also approved in 2022, empowers the state to enter into agreements with other legal states to import and export marijuana products, contingent on an official assurance that such activity would not put the state at risk of federal enforcement action. In 2023, DCC requested such assurance from the state attorney general and as of September 2023 was awaiting a formal response.

In February 2023, AB 374, which allows businesses to serve food and non-alcoholic beverages at cannabis retailers, similar to famous Amsterdam cannabis cafes, passed both chambers of the state Legislature and, as of September 2023, was pending Gov. Newsom's signature to become law. The bill is intended to open up growth for businesses, although the "cafes" would only be allowed in municipalities that approve them. West Hollywood is among the few cities that have passed ordinances to date allowing for licenses of such café businesses.

#5: Nevada (2022 Ranking #4)

Nevada legalized medical marijuana in 2001 and adult-use marijuana in 2017. Medical marijuana legislation is codified under Nevada Revised Statutes Chapter 453A, sections 453A.010 to 453A.810. Adult-use marijuana is permitted under the Regulation and Taxation of Marijuana Act, which is codified in Nevada Revised Statutes Chapter 453D, sections 453D.010 to 453D.600. The Nevada Department of Health and Human Services is tasked with regulating commercial cannabis activity. To qualify for a medical prescription, a patient must be diagnosed with a "chronic or debilitating medical condition," which includes conditions ranging from severe nausea to cancer.

Adult-use marijuana restrictions are comparable to restrictions on alcohol; for example, users must be 21 years of age or older, marijuana may only be purchased from a business licensed in Nevada, and both selling or giving marijuana to individuals under 21 years of age and driving under the influence of marijuana are illegal. Medical marijuana establishment certificates are available for independent testing laboratories, cultivation facilities, production facilities (for edibles and other products), or dispensaries. To obtain a certificate, one must complete an application and pay the requisite fee. The application requires evidence that the applicant controls no less than \$250,000 in liquid assets to cover initial expenses, and that the applicant owns (or has permission from the owner to use) property on which the proposed medical marijuana establishment will be located. There is a cap on the number of certificates that may be issued based on county population.

Nevada's medical marijuana businesses must follow certain rules, as detailed in the statute. One such rule is the requirement that each medical marijuana establishment have "an appearance, both as to the interior and exterior, that is professional, orderly, dignified and consistent with the traditional style of pharmacies and medical office and have discreet and professional signage that is consistent with the traditional style of signage for pharmacies and medical offices." Other requirements, such as installation of a video monitoring system, must also be satisfied. Additionally, if the city or county in which the medical marijuana dispensary is located has enacted zoning restrictions, the establishment must comply.

Like medical marijuana establishments, adult-use dispensaries are eligible for licensing insofar as they complete an application and pay the requisite fee. The Department would only accept license applications from retail marijuana stores, marijuana product manufacturing facilities, and marijuana cultivation facilities for the first year and a half following its initial reception of applicants for marijuana establishments in 2018. There is also a cap on the number of licenses that may be issued based on county population. Adult-use dispensaries must also follow certain rules regarding production,



manufacturing, distribution, and/or sales of cannabis products. For example, cultivation, processing, and manufacture of marijuana must not be visible from a public place by unaided vision.

As of September 2023, the Department is not accepting applications for marijuana licenses or medical marijuana registration certificates. The Department will issue a 45-day notice before the application period opens.

On June 28, 2022, the Nevada Cannabis Compliance Board unanimously approved regulations surrounding the licensing and operation of recreational cannabis consumption lounges. Initially signed into law by Gov. Steve Sisolak in 2021, Assembly Bill 341 legalized these establishments and created two categories of lounge licenses: (1) retail lounges that are attached or adjacent to an existing dispensary, and (2) independent lounges that stand alone and sell single-serving and ready-to-consume products. The lounges are cannabis-only. At first, only 20 new licenses were issued for independent lounges – the first 10 of which are reserved solely for social equity applicants. Forty to 45 licenses were available to existing retailers. There is no limit on the number of licenses issued for retail consumption lounges, but ownership groups are restricted to one consumption lounge license, meaning an owner cannot hold both a retail consumption lounge license and an independent consumption lounge license. This restriction allows for more business owners to participate in the industry.

However, despite the easing of consumption lounge rules, Nevada saw marijuana sales shrink 3.8% to \$965.1 million from mid-2021 to mid-2022. Senate Bill 277, an omnibus marijuana signed into law by Gov. Joe Lombardo in June 2023, may help the industry return to solid growth. The bill holds numerous benefits for industry operators, including expansion of the retail market and reduction of excess fees. The bill also creates a dual license for medical and recreational retailers and increases purchasing limits for both flower and cannabis concentrate (1 ounce to 2.5 ounces, and an eighth of an ounce to a quarter of an ounce, respectively).

Further, the legislation would reduce the maximum fees for some marijuana licenses. The adult-use retail renewal fee would be reduced from \$6,600 to \$5,000, the initial adult-use cultivation fee from \$30,000 to \$3,000, the adult-use cultivation renewal fee from \$10,000 to \$1,000, adult-use cannabis production renewal fee from \$3,300 to \$1,000, initial adult-use testing lab fee from \$15,000 to \$5,000, and adult-use cannabis testing lab renewal fee from \$5,000 to \$3,000. In creating better accessibility within and around the cannabis market, Nevada is expected to return to growth in the coming year.

#6: Massachusetts (2022 Ranking #3)

Massachusetts legalized adult-use marijuana in November 2016, ultimately prohibiting the penalization of any person 21 years or older for the possession, usage, purchase, or giving away (of 1 ounce or less) of the plant. Residents of legal age are also allowed to possess up to 10 ounces of marijuana at a time from plants cultivated within their primary residence.

At home, these residents can legally cultivate up to six marijuana plants per person over 21, with a limit of 12 plants per household (should multiple people over 21 live in said home). In Massachusetts, the scope of the legal definition of "marijuana" is relatively broad and, unlike states like Arizona, encompasses cannabidiol.

Medical marijuana is governed by a separate act known as the Humanitarian Medical Use of Marijuana. It was enacted in 2012 and allows for the acquisition, cultivation, possession, processing, transfer, transportation, sale, and distribution for the benefit of qualifying patients. The list of qualifying conditions is fairly broad and includes, but is not limited to, cancer, glaucoma, HIV, hepatitis C, and Crohn's disease. Other conditions not specified in the statute may also qualify if so determined in writing by the patient's treating physician.



Under Massachusetts' adult-use regulations, marijuana establishments must obtain appropriate licenses to operate legally within the state. Massachusetts offers nine types of business licenses: marijuana cultivator, craft marijuana cooperative, marijuana product manufacturer, marijuana retailer, marijuana research facility, independent testing laboratory, marijuana transport, marijuana microbusinesses, and marijuana delivery. The licensing process creates two new kinds of marijuana businesses: "couriers" that transport orders from an established retail store and "delivery operators" that can purchase products from manufacturers and sell them to customers. A third "delivery endorsement" permits existing marijuana operators to make deliveries. As of September 2023, 13 courier licenses and 25 delivery operator licenses had been issued. For an updated list of licenses awarded by type, visit <https://masscannabiscontrol.com/license-types/>.

Commercial cannabis activity is regulated by the Cannabis Control Commission, but local municipalities can also regulate some activities. The favorable regulatory climate and sizable market make Massachusetts a lucrative state for commercial cannabis operators. Retail cannabis sales for 2020 exceeded \$1 billion in sales by October, from over 80 dispensaries. As of August 2023, nearly 150 dispensaries were operational in the state, and July 2023 sales generated a new monthly record, \$136 million.

In July 2023, the Cannabis Control Commission unanimously approved draft regulations that seek to increase diversity in the cannabis industry and boost oversight on host community agreements between licensees and municipalities. The Commission also moved closer to authorizing social consumption sites, eliminating a pilot program that would have limited social consumption sites to no more than 12 municipalities.

#7: Missouri (2022 Ranking #33)

In November 2022, Missouri voters approved Amendment 3, a public ballot initiative to amend the Missouri Constitution and legalize adult-use cannabis. The ballot initiative allows adults to purchase and possess up to 3 ounces of cannabis and imposes a 6% tax on recreational cannabis sales, with later elections in April adding an additional 3% local tax locales such as Kansas City, Columbia, and St. Louis.

The legalization follows a Missouri voter legalization of medical-use cannabis in 2018 with Amendment 2, known as the Medical Marijuana and Veterans Health Services Act. Amendment 3 also altered the regulations for medical program participants, who are now allowed to acquire 6 ounces of cannabis at a 4% tax. The Department of Health and Senior Services (DHSS) regulates the adult-use program and issues licenses. After Amendment 3 passed, the DHSS stated that over 370 licensees who currently operated as medical cannabis retailers, cultivators, and manufacturers applied to sell products in the adult-use market. Over 300 licenses were provided at the start of February 2023, and adult-use sales promptly began.

Missouri saw a big start in its cannabis market, with monthly legal cannabis sales consistently reaching approximately \$120 million from March 2023 through August 2023. Cumulatively, Missouri surpassed \$1 billion in sales in early May 2023, including medical and adult-use cannabis. The strong demand in adult-use cannabis has caused price increases and product shortages, a growing pain that contrasts with other states that face falling prices and product oversupply. Existing retailers, including Greenlight Dispensary, Zen Cannabis, Clovr and BeLeaf Medical, have expressed challenges resulting from product shortages.

Current licensees will not be the only sources for cannabis, as regulators are required to issue at least 144 microbusiness licenses through a lottery system. The DHSS plans to award 48 microbusiness licenses in October 2023, after the licensing process opened from July 27 to August 10, 2023. The DHSS plans to issue 48 more microbusiness licenses in 2024



and another 48 in 2025. The microbusiness licenses are designed to allow for marginalized individuals to participate in the cannabis market, but the program has faced pushback from social equity advocates who question the efforts. The dispute about the program's ability to benefit marginalized groups amounted to calls to vote no on Amendment 3 from the Missouri NAACP and St. Louis Mayor Tishaura Jones.

In July 2023, Missouri also passed a public safety bill that allows the DHSS to share inspections and information that banking institutions require in order to serve cannabis businesses. The law will allow for banks to acquire information more quickly to keep compliance with federal regulators.

Before the enactment of Amendment 2, only hemp-extract products were legal in Missouri, and only for people with epilepsy. The law authorizing such products, "Hemp Extract for Treatment of Intractable Epilepsy," was passed by the legislature and signed into law in 2014. The Missouri Department of Agriculture manages hemp extract cultivation and production. Amendment 2 specifically exempted industrial hemp from its purview.

#8: New York (2022 Ranking #15)

On March 31, 2021, then-Gov. Andrew Cuomo signed 2021 NY S.B. 854, the Marijuana Regulation and Taxation Act (MRTA). The MRTA legalized and regulates adult-use of cannabis for New York. New Yorkers can legally possess and use up to 3 ounces of cannabis and 24 grams of concentrated cannabis for recreational use. The MRTA also created separate licenses for cannabis farmers, distributors, processors, product makers, delivery, dispensaries, and retailers. Further, it created a state Office of Cannabis Management, which is overseen by a five-member Cannabis Control Board.

New York legalized medical cannabis in 2014 (N.Y. Pub. Health Law § 3362). Its medical program is run through the New York State Department of Health and is governed by the New York Medical Marijuana Program Regulations. The regulations are reasonably comprehensive in covering entity registration, licensing, production limitations, and qualifying medical conditions for patients. Under the MRTA, medical cannabis operators are allowed to enter the recreational market by distributing their products to dispensaries or by paying a special fee to open up to three recreational and medical locations of their own.

Hemp farmers were likewise allowed to enter the market for recreational sales early through a law signed in February 2022 by Gov. Kathy Hochul, allowing current hemp licensees to cultivate cannabis using a conditional license at no fees for four years, along with an opportunity to convert the conditional licenses into full-time licenses.

Through 2022, the Office of Cannabis Management awarded over 200 cultivation licenses to New York-based entrepreneurs who were affected by cannabis-related prohibitions in the past as a part of the state's social equity initiative. These licenses required applicants to have a cannabis-related offense that occurred before the passage of the MRTA on March 31, 2021, or had a parent, guardian, child, spouse, or dependent with a pre-MRTA cannabis offense in New York, and have experience owning and operating a qualifying business in the state. While the Office of Cannabis Management (OCM) was able to promptly award licenses for cultivators in 2022, the process for retail licenses took much longer, with the first 36 licenses being awarded in November 2022.

The Conditional Adult-Use Retail Dispensary licenses, which expire June 30, 2024, were similarly subject to state's social equity efforts. The licensing guidance instituted strict rules on the operation of adult-use retailers, including a ban on vertically integrated operations and restrictions on hours of operation, store locations and advertising.



Litigation from multi-state organizations over the harsh regulations toward out-of-state companies caused licensing delays in various New York areas, initially affecting over one-third of planned licenses. Nonetheless, New York announced regulations alongside the initial license awards that allowed for adult-use delivery services in advance of retail store openings. The regulations placed high licensing fees on out-of-state companies, along with a three-year moratorium on entrance into the adult-use market, affecting multi-state organizations that are licensed to sell medical cannabis and have the resources to rapidly open stores for adult-use sales.

On December 29, 2022, the first sales of adult-use cannabis were made at Housing Works Cannabis Co., despite Gov. Hochul's desire to have 20 retail locations open by the end of 2022. As of July 2023, 20 adult-use businesses were open in New York with 16 locations, but only amounted to \$16.5 million in sales. Despite the slow start, over 200 adult-use licenses had been issued as of July 2023, and the Office of Cannabis Management voted to settle the litigation restricting licensing after a March court ruling narrowed the scope of the licensing delay to a single county. In June 2023, the Office of Cannabis Management proposed revised regulations to lax restrictions on multi-state operators and would allow for their medical dispensaries to convert into adult-use for a one-time, multi-million-dollar fee. On July 20, 2023, regulators also allowed for farmers markets to begin selling adult-use cannabis, an expansion beyond the traditional dispensary setting.

In September 2023, OCM passed a resolution allowing the state's medical marijuana operators to apply for adult-use retail license, with the application window starting October 4, 2023. The move is expected to open the door for large multistate operators to enter the state's adult-use market.

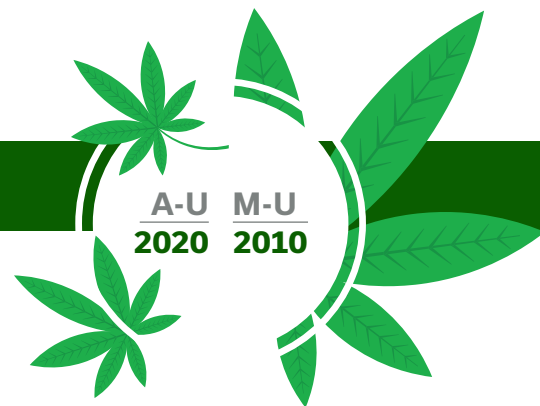
Retail products are subject to a 9% state tax and a 4% local tax, which will be split between counties (1%) and municipalities (3%). Wholesale cannabis transactions between growers and distributors are taxed based on the amount of THC (a "potency tax"). Forty percent of tax revenue is set aside for a new fund for social and economic equity programs, another 40% goes toward state education, and the remaining 20% goes toward drug education programs. In May 2023, New York received a boost in adult-use retail financing in the form of a partnership between Safe Harbor Financial, a Colorado-based cannabis industry financial services company, and Warsaw-based Five Star Bank. Additionally, New York found an investor, Chicago Atlantic Admin, to help finance \$150 million of the \$200 million in startup capital that was promised to social-equity adult-use entrepreneurs, to assist with finding real estate and opening retail locations.

Outside of the city, adult residents have found ways to legally obtain cannabis for recreational use despite the slow retail process. In western New York, with an abundance of federally recognized Native American tribal reservations, businesses on protected lands have emerged and gained early success selling recreational use cannabis. These businesses have a head start in establishing a customer base by operating the only current legal in-state recreational sales due to their tribal sovereignty. The OCM has seemingly confirmed the legality of these sales in a statement from OCM spokesperson Freeman Klopott, which local newspapers have consistently reported as stating, "Dispensaries (marijuana shops) are legal if they are on federally recognized, sovereign tribal land." Consumers also have reassurances regarding regulations of reservation sales. Nations that authorized sales on their land have established their own regulatory bodies for cannabis sales such as the Seneca Nation's Cannabis Department and Hemp Compliance Administrator together with a 24-page ordinance governing such sales.

The slow start of the legal adult-use market has led customers to another alternative, illegal cannabis shops, which are estimated to be over 1,400 in number and littered all across New York City. In light of legalization, sellers without licenses began rapidly opening stores, while those who applied to the process were wrapped up in delays. Products from these illicit stores are not thoroughly regulated and tested, and some have been found to have prohibited levels of contaminants. In response to the unregulated businesses, legislation passed in May 2023 that steeply increased the fines applicable to unlicensed cannabis sellers, alongside criminal penalties, and the ability for regulators to restrict access to unlicensed shops. June 2023 saw enforcement against illicit marijuana sales ramp up under the direction of Gov. Hochul, and authorities have worked to implement verification information for licensed businesses, so that consumers can avoid untested and illicit products.



#9: New Jersey (2022 Ranking #13)



On February 22, 2021, New Jersey Gov. Phil Murphy signed three cannabis-related bills into law. The bills — A21, A1897, and S3454 — implemented a 2020 constitutional amendment that legalized recreational marijuana.

The New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act (A21) creates license types as well as operations requirements for businesses in all phases of the cannabis supply chain. A21 directs the state Cannabis Regulatory Commission (CRC) to promulgate regulations governing the licensing and operation of businesses selling cannabis and to set statewide caps on license amounts. The act also allows the CRC to levy an excise tax on cannabis, and permits municipalities to issue transfer taxes on cannabis sales to the public and on transfers between licensed businesses. Additionally, A21 creates employment protections for people who engage in lawful behavior with respect to cannabis

A1897 reforms criminal and civil penalties for marijuana; it provides remedies for marijuana charges and protections against discrimination on the basis of race, gender, and/or socioeconomic status. S3454 clarifies penalties and legal repercussions for marijuana possession and consumption by individuals under 21 years of age.

The CRC approved licenses in March 2022 for seven alternative treatment centers designated for the sale of adult-use cannabis. New Jersey's adult-use cannabis market officially opened in April 2022, and in October of that year, the state approved the first 18 annual adult-use business licenses. Additionally, the CRC approved 297 more conditional licenses (bringing the total to 801), extended the length of time for certain conditional licensees to apply for conversion to an annual license, and increased the Social Equity Excise Fee that cultivators pay from \$1.10 per ounce to \$1.52 per ounce. Based on CRC guidelines, medical patients can purchase up to 3 ounces every 30 days, while recreational cannabis consumers may purchase up to 1 ounce per transaction. In June 2022, the CRC also approved proposal of permanent, expanded rules guiding the cultivation, manufacture, wholesale, distribution, sale, and delivery of recreational cannabis. These rules included the addition of three new license types and improved facets of the CRC's approach to equity and safety.

The 2020 Marijuana Legalization Amendment legalizes possession of up to 6 ounces of marijuana or 17 grams of hashish. Medical marijuana taxes have been phased out, with a 0% tax after July 1, 2022. Recreational marijuana taxes have an enhanced fee of 7%, plus a social justice excise fee that fluctuates between \$10 to \$60, depending on the average price of cannabis. Medical and recreational marijuana are now regulated by the Cannabis Regulatory Commission instead of the New Jersey Department of Health – Division of Medical Marijuana, the former regulator.

Retail cannabis sales began in April 2022. According to the CRC, as of May 2023, 38 cannabis retailers were operating in New Jersey, including 13 that exclusively serve the medical market. In 2022 alone, the licensed retail market cashed in over \$555 million, with \$329 million coming from adult-use sales.

Despite over 80% of the state's voters supporting legalization, the vast majority of its municipalities have opted out of issuing licenses. These limited licenses created market conditions that have led New Jersey to have the most expensive cannabis in the country; an eighth of an ounce of flower sells for up to \$60. By contrast, in Oregon (as well as other states with an oversupply of product), an eighth may cost as little as \$10.



#10: Oregon (2022 Ranking #5)

Both adult-use and medical marijuana are legal in Oregon. Oregon legalized medical marijuana in 1998 with the passage of Ballot Measure 67, which sequentially established the Oregon Medical Marijuana Act (OMMA). OMMA modified state law to allow the cultivation, possession, and use of marijuana by patients with specified medical conditions upon recommendation by a doctor and in compliance with OMMA. Oregon then passed the Adult and Medical Use of Cannabis Act in 2014, which legalized adult-use of marijuana: the possession, use, and cultivation of marijuana by adults 21 and older.

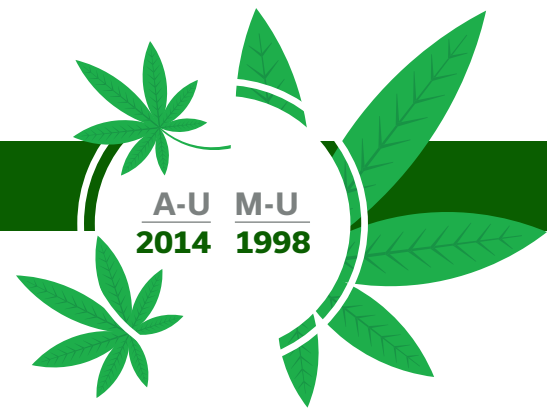
Oregon was – and continues to be – a pioneer of progressive and continuous marijuana reform. On March 3, 2022, the Oregon State Legislature passed SB 1579, also known as the Oregon Equity Investment Act. SB 1579 includes the establishment of a fund using ongoing cannabis tax revenue to provide grants to community-based organizations that support entrepreneurship, workforce development, and paths to home and land ownership. On June 29, 2022, SB 408 was passed. This bill limits conditions under which the Oregon Liquor Control Commission (OLCC) may delay processing, approval, or denial of a license application. It also allows for the transfer of certain marijuana products between producers and processors as well as between producers with common ownership.

SB 408 requires regulators to adopt rules supporting marijuana plant diversity, such as allowing a qualified producer to receive seeds from any source in the state. The bill also simplifies rules regarding tracking documents for deliveries. It increases edible concentration limits to bring Oregon in line with other states and allows regulators to write rules to increase purchase limits. Finally, it requires the OLCC to identify ways to further reduce the use of plastics by the cannabis industry and submit its findings to the state legislature by December 31, 2022. The Act will reinvest more tax dollars into social equity programs. It will create Equity Licenses providing institutional, funding, and technical support to Black, Indigenous, and Latinx cannabis business owners. It will provide an expedited licensure process, feed reduction for equity licenses, and create two expanded license types reserved for equity licenses for 10 years.

OLCC established new regulations regarding cannabis, some of which went into effect January 1, 2022, with others expected to extend into 2023. OLCC approved a rule limiting the general market sale of hemp edible products to 2 mg of THC in a single serving and up to 20 mg THC per container of hemp product, effective July 1, 2022, to ensure hemp products with large amounts of THC do not comingle with general market products. Additionally, home delivery will now be allowed across city and county lines as long as local authorities approve of it. In 2022, new rules increased sales and concentration limits; adult-use consumers may now purchase 2 ounces of marijuana, and edible concentration limits increased from 50 mg THC to 100 mg per package.

#11: Colorado (2022 Ranking #2)

Both medical and adult-use marijuana are legal in Colorado. On December 28, 2000, Colorado's constitution was amended to legalize marijuana for medical purposes. It was amended again, in 2012, to legalize adult use. It is no surprise that the state has consistently reported some of the highest marijuana sales in the country; it was one of the first to deem both medical and retail marijuana legal. However, sales have seen a recent decline.



In 2022, Colorado marijuana sales - across both medical and adult-use sectors - fell by almost half a billion dollars, and the trend appears to be continuing into 2023 with sales on pace for a four-year low. Colorado's marijuana industry suffered the worst 4/20 in five years, with a 14% decline in sales from the previous year. Larger operators have closed down their stores in the state, including Curaleaf Holdings, Inc. which announced in January 2023 that it would be shutting down its operations in Colorado, Oregon, and California and acknowledged the difficult operating environment in these states.

That is not to say Colorado is in a significant downswing. As other states inch toward actualizing comprehensive frameworks for cannabis regulation, Colorado's overall attitude regarding legalization has long been ahead of the curve. After its legalization of adult-use marijuana in 2012, the state has focused extensively on establishing a secure and thorough regulatory framework, as well as increasing the efficacy of these regulations through subsequent legislation. The Marijuana Enforcement Division (MED) of the Colorado Department of Revenue is responsible for licensing and regulating medical and adult-use marijuana. MED issues a variety of marijuana business licenses, including ones for stores, cultivators, products manufacturers, testing facilities, transporters, research and development, and hospitality businesses.

The Colorado Department of Revenue recorded 1,059 active medical marijuana licenses and 1,755 active retail marijuana licenses as of its 2022 Annual Report. Despite the state's exhaustive list of qualifications for license acquisition, state law generally permits the transfer of commercial cannabis licenses. Occasional restrictions of license transferability may arise, however, in the instance that a local license is required. While Colorado does not impose a limit to the number of licenses issued at the state level, some counties and municipalities do restrict the number of licenses that may be issued and active within that particular district.

State marijuana regulations impose various restrictions on Colorado-resident licensees. For example, licensed cultivators are authorized to cultivate up to 13,800 plants (depending on the tier of their cultivation license) at any given time. As for retailers, the state places limits on the amount of marijuana that can be lawfully sold. A dispensary and its employees, for example, are prohibited from transferring more than 1 ounce of flower, or its equivalent, in a single transaction to a consumer.

Although Colorado's groundbreaking legalization of adult-use marijuana occurred over 10 years ago, the state's regulatory landscape continues to develop and remains on the cutting edge. House Bill (or H.B.) 18-1011, for instance, is a testament to Colorado's persistent commitment to progressive marijuana legislation. Enacted on June 5, 2018, the bill repealed the legal requirement that limited passive investors go through an initial background check when investing in a cannabis related company. H.B. 18-1011 also allows certain publicly traded companies to hold an interest in medical marijuana businesses and offer securities for investment in medical marijuana businesses.

Additionally, on May 29, 2019, Gov. Jared Polis signed House Bill 19-1230, effectively authorizing the designation and utilization of "marijuana hospitality spaces" in which marijuana can be consumed on dispensary premises. Since January 1, 2021, Colorado has begun to grant adult-use marijuana delivery permits, and a few businesses are already licensed to provide such.

As previously stated, the state has remained progressive and consistent in introducing novel marijuana-related legislation. On January 1, 2022, four bills went into effect addressing the correction of errors in existing legislation, licensing redesignation, marijuana cultivation, and concentrate regulation:

- House Bill 21-1178 corrects citations and outdated language in the marijuana code.
- House Bill 21-1216 authorizes the redesignation of medical marijuana to recreational - and vice-versa - and providing cultivators and manufacturers with flexibility for redesignation.
- House Bill 21-1301 creates a contingency plan for outdoor cultivators to combat the effects of adverse weather events on the cannabis industry and calls for the formation of a working group to examine existing tax laws and rules applicable to the state's wholesale marijuana cultivation market.



- House Bill 21-1317 establishes a Scientific Review Council to review recommendations given by the Colorado School of Public Health (CSPH) and directs the organization to produce an education program for the general public on the effects of cannabis concentrates on the developing brain.

Despite its recent slowdown, there remains plenty of business opportunity in the Colorado cannabis space. The state is still in the top five of monthly recreational cannabis sales, and business diversity is on the rise. While the legalization of recreational marijuana in other states has likely cooled some of the out-of-state demand in Colorado, the state remains near the top in terms of regulations and total sales and licensees.

#12: Florida (2022 Ranking #25)

On November 8, 2016, Florida voters approved Amendment 2, otherwise known as the Florida Medical Marijuana Legalization Initiative, vastly expanding the state's medical marijuana market. Prior to the amendment, Florida's medical marijuana laws only permitted the use of low-THC marijuana by patients suffering from seizures or a small list of debilitating medical conditions. The use of medical marijuana in Florida is governed by Fl. Stat. § 381.986, which was passed in 2017 after the constitutional amendment was passed.



Unlike many other states that allow for businesses to receive licenses in one stage of the medical marijuana supply chain (i.e., cultivators, processors, dispensaries), Florida's Medical Marijuana Treatment Centers (MMTCs) must be vertically integrated. This means that prior to dispensing medical marijuana to qualified patients, each MMTC must receive authorization to cultivate, process, and dispense medical marijuana. The state does not impose a canopy or dispensary cap for licensed businesses.

Critics argue that the vertical integration requirement precludes smaller companies from entering into Florida's medical marijuana market. To that effect, as of September 2023, there were 22 active MMTCs operating 590 dispensing facilities throughout the state (with four MMTCs, Trulieve, Verano, Curaleaf and Ayr Wellness, collectively operating over half of all dispensing facilities). Trulieve's sales account for over 40% of the state's retail flower sales; however, smaller operators, such as California-based Jungle Boys, have outperformed Trulieve on a per-store basis, selling an average of 401 ounces per week at its seven dispensaries.

Florida's medical marijuana industry, already one of the largest in the nation, is expected to grow considerably in the near future. In October 2021, the Office of Medical Marijuana Use (OMMU) released Emergency Rule 64ER21-16 regarding applications for a MMTC license set aside for Black farmers who were a recognized class member of *Pigford v. Glickman* or *In re Black Farmers Litigation*.

Lawmakers passed HB 387 in May 2023, directing the Department of Health to license as a MMTC any such application who did not have any deficiencies. Of the 12 applicants, only Terry Donnell Gwin and Shedrick McGriff met that requirement, and both were awarded licenses in July 2023.

The OMMU is also moving forward with administrative rulemaking to establish an application to award up to 22 additional MMTC licenses, and the application window closed for such licenses in April 2023. Even with a limited number of MMTC licenses, the state generated approximately \$1.5 billion in medical marijuana sales in 2022 according to MJBizDaily.

On a recreational marijuana front, there are sustained citizen-led efforts to get an amendment to legalize recreational marijuana on the ballot. Obstacles remain, including the signing of SB 1890 by Gov. Ron DeSantis, which limits



contributions to political committees backing proposed constitutional amendments during the signature-gathering process to \$3,000. The campaign announced on January 11, 2022, that the ballot initiative (Florida Marijuana Use and Growth Legalization Initiative) failed to get enough signatures to make it onto the November 2022 ballot.

A new campaign has begun targeting the 2024 ballot, and it has already surpassed the nearly 900,000 signatures required to place the measure in front of voters next year. Trulieve, the leading funder of the campaign, announced that more than 1 million signatures had been collected by July 2023. If successful, adults over the age of 21 could legally possess up to 3 ounces of marijuana or 5 grams of concentrated cannabis.

However, the language of the ballot measure still has to gain approval from the state's conservative supreme court. Republican Attorney General Ashley Moody has pushed back on the language, arguing that it would be misleading to voters and should be rejected by the court. The state supreme court has invalidated two previous ballot initiatives aimed at legalizations based on misleading language.

#13: Washington (2022 Ranking #10)

Washington state has a history of being ahead of the curve on cannabis legislation. The state legalized medical use in 1998 via Washington Initiative 692 just two years after California became the first state to do so. On November 6, 2012, Washington became one of the first two states to legalize adult-use cannabis (alongside Colorado) for individuals 21 years or older with the passage of Washington Initiative 502. Sales began in July 2014, and while the first few years following adult-use legalization led to double digit year-over-year increases, 2019 saw sales slow to single digit increases for the first time in the state's short cannabis-sale-history. Sales resumed their rapid growth during the pandemic, increasing statewide by 43% from 2019 to 2021. Despite a decline in sales from \$1.5 billion in 2021 to \$1.4 billion in 2022, the state collected over \$500 million in revenue from legal cannabis that year.



Given the comparatively longer existence of Washington's medical and adult-use cannabis programs, its laws and regulations are more comprehensive than those of other states. Washington's medical program is run through the Washington State Health Department, and its adult-use program is run by the Washington State Liquor and Cannabis Board, which controls the licensing and regulation of production, processing, and sales. Chapter 69.50 of the Revised Code of Washington offers full details on the state's recreational program, while Chapter 69.51A offers information regarding the medical program and its restrictions. I-502 provides all regulations relevant to the adult-use program, and Chapter 314-55 provides outlines the application and licensing process undergone by the Liquor and Cannabis Board.

Washington's adult-use program is heavily licensed and holds many restrictions; residency requirements, financing regulation, and limits on the number of licenses per entity are all found in I-502. Nevertheless, Washington's cannabis market is noted for its oversupply, its lowered wholesale prices, and its lack of access for Multi-State Operators with limited ability to increase industry growth. As of July 2023, just after announcing the issuance of 52 new retail licenses between mid-2023 and 2024, the state was not accepting new applications for producers, processors, or retailers.

In February 2023, a federal court judge found Washington's residency requirement to be constitutional on the basis that, because of marijuana's federal prohibition, it did not impact the national market. Such decisions and reasoning are in stark contrast to other courts' rulings, which struck down residency requirements, including a decision by the First Circuit affirming that residency requirements violated the interstate commerce clause. Moreover, home-grown cannabis (sans permission granted on a medical basis) remains illegal in Washington.



In the event of federal legalization, Washington is well-positioned to maximize agreements for transportation of marijuana across state lines to other markets. In May 2023, Gov. Jay Inslee signed an interstate commerce bill into law, making Washington the third state, after Oregon and California, to do so. As Biden health officials recommended in August 2023 that cannabis be rescheduled under the Controlled Substances Act, federal legality may soon be a reality, making this bill particularly timely and relevant.

#14: Maryland (2022 Ranking #21)

In 2022, Maryland became the 20th state to legalize adult marijuana use for recreational purposes. This enabling legislation went into effect on July 1, 2023, allowing those 21 and older to possess what Maryland law defines as the personal use amount: "up to 1.5 ounces of cannabis flower, up to 12 grams of concentrated cannabis or a total amount of cannabis products that do not exceed 750 mg of THC." This legislative success came on the heels of two bills that, despite statewide support of legalization, failed during the 2021 legislative session. In Maryland, adult-use cannabis sales are taxed at 9%.

Before the legalization of recreational use, the Natalie M. Laprade Medical Cannabis Commission was responsible for developing policies, procedures, guidelines, and regulations for the medical marijuana industry in Maryland. The Commission was phased out in April 2023, and in the age of legalization, cannabis in the state will be regulated by the Maryland Cannabis Administration.

Before legalization, Maryland's medical marijuana efforts were bolstered by 102 dispensaries. Legislative advancements toward legalization have paved (and continue to pave) the way for 300 retailers to open their doors in the state, and in January 2024, Maryland is expected to begin granting licenses. This expansion includes 75 new dispensaries, 16 growers, and 32 processor licenses for social equity applicants. To qualify, such applicants must be owned at least 65% by individuals from disproportionately impacted areas that meet specific educational criteria.

Medical marijuana dispensaries were required to convert their licenses to recreational licenses by July 1, 2023. To help encourage a strong start to the recreational market, the Department of Commerce accepted applications for \$50,000 grants to businesses licensed as processors and growers and \$25,000 grants to those licensed to operate dispensaries. In August 2023, the state began offering new grants to social equity licensees to promote timely approval to enter the recreational-use market.

Many predict huge growth in Maryland's market thanks to the limited access to legal marijuana available to consumers in surrounding states. Between 2023 and 2027, total revenue is expected to rise from \$275 million to \$2.1 billion, and initial sales data is promising for the state's largest retailers, such as Trulieve, Green Thumb Industries, Zen Leaf, gLeaf, Ethos Cannabis and Health for Life. In July 2023, the first month in which adult use sales were legal, sales increased to \$88 million, more than double the \$43 million sold the prior July.



#15: New Mexico (2022 Ranking #14)



Both adult-use and medical marijuana are legal in New Mexico. In 2007, New Mexico approved the use of medical marijuana under the Lynn and Erin Compassionate Use Act. This Act allows for the use of medical marijuana by individuals suffering from debilitating medical conditions, including cancer, glaucoma, multiple sclerosis, spinal damage, epilepsy, positive status for HIV or AIDS, or those admitted into hospice care. In 2015, the state added to the list of debilitating medical conditions “any other medical condition, medical treatment, or disease as approved by the [Department of Health] which results in pain, suffering, or debility for which there is credible evidence that medical use cannabis could be of benefit.” New Mexico residents can help add conditions to the list by petitioning the Medical Advisory Board of the Medical Cannabis Program. Most recently, insomnia was included as the latest qualifying condition in 2023, bringing the total number of conditions to 30.

On April 12, 2021, Gov. Michelle Lujan Grisham signed H.B. 2, or the New Mexico Cannabis Regulation Act (CRA), legalizing adult-use marijuana. On June 29, 2021, the provisions allowing for the possession and adult-use of marijuana became effective. The CRA sets a legal purchase and public possession limit of 2 ounces of cannabis, 16 grams of cannabis extract, and 800 milligrams of edible cannabis. The CRA also permits individuals of legal age to grow a maximum of six plants at home per person, and a maximum of 12 plants at home per multiple-adult household. As for medical cannabis growers, New Mexico’s state legislature is considering rules that would allow medical cannabis growers to grow nearly three times the 1,750-plant limit.

The CRA established the Cannabis Control Division (CCD) within the New Mexico Regulation and Licensing Department. The CCD will regulate both medical and recreational marijuana, issue licenses, and make rules (there are several types of business licenses available for both medical and recreational use). The CRA required that by September 1, 2021, the CCD start to process licensing applications and create a Cannabis Regulatory Advisory Committee. The CRA also sets tax rates for marijuana and allocates funds raised by taxes on cannabis. Additionally, it places restrictions and requirements on employers related to cannabis use.

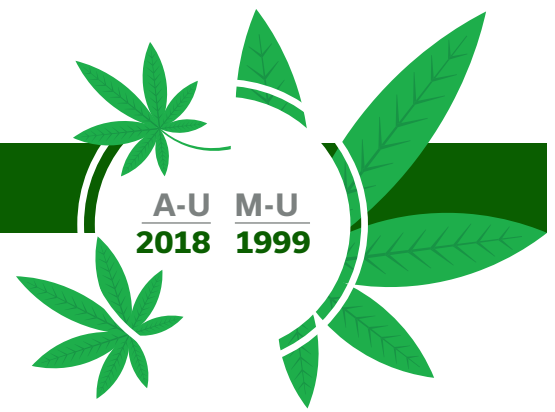
The issuing of business licenses began in April 2022, and cannabis recreational sales were launched across the state starting April 1, 2022. In the first weekend alone, adult-use sales in the state totaled over \$5.2 million and reached almost \$39.5 million in the first month. The two subsequent months saw similar success, reporting monthly sales of \$38.5 million and \$38 million for May and June in 2022, respectively. In its first 12 months, New Mexico’s adult-use market generated \$300 million in annual sales.

New Mexico has not capped the number of licenses that can be awarded, and the state has developed a model that encourages small business development through microbusiness licenses, which creates a lower barrier of entry than in other states. As a result, within one year, the state granted licenses to 633 retailers, 766 producers, and 507 manufacturers.

The state’s 12% excise tax on the sale of recreational marijuana (prior to July 1, 2025) will eventually increase to 18%. Beginning July 1, 2025, there will be an annual 1% increase until July 1, 2030. That’s before standard taxes on sales of 5% to 9%; medical marijuana will remain tax-free for patients with qualifying medical conditions.



#16: Maine (2022 Ranking #8)



On May 2, 2018, Maine's Legislature overturned a veto by then-governor Paul LePage in order to pass legalization of adult-use marijuana. The Legislature voted heavily in favor of passing the bill, with House votes tallying 109-39 in favor and Senate votes tallying 28-6 in favor. The Marijuana Legalization Act legalized adult-use marijuana throughout the state without restrictions on tetrahydrocannabinol (THC) limits, allowing people to use and possess up to 5 grams of cannabis or cannabis concentrate without legal ramifications. The act still enforces some regulatory limitations, however, restricting the amount of cannabis plants adults can legally use and transfer and imposing several requirements on companies seeking a license to cultivate, test, manufacture, or sell cannabis or cannabis concentrate.

In June 2018, the Legislature overrode two more of LePage's vetoes, for Legislative Document (LD) 238 and LD 1539, which further expanded Maine's longstanding medical cannabis program: a program with origins rooted in a 1999 ballot initiative. These overrides removed a qualifying conditions list, eliminated a designated caregiver requirement, and raised the cap on dispensaries to 10.

A bill signed in June 2019 by Maine's current Gov. Janet Mills launched the state's recreational marijuana sales, which officially began in March of the following year. At the outset, legalization laws maintained a strict barrier to entry of the medical and adult-use retail market, requiring that businesses be run by individuals with at least four years of Maine residency under their belt. However, in August 2022, a panel of judges on the U.S. First Circuit Court of Appeals affirmed a lower court decision to throw out the requirement, finding that it unconstitutionally discriminated against residents of other states. Before the ruling, Maine declared that it would cease enforcement of its residency requirements for recreational cannabis as result of the lawsuit in May 2020. In terms of restrictions on products, edibles are permitted in retail stores, but edibles in the shape of animals, people, or characters are not permitted. Maine municipalities may opt into the adult-use program by locally allowing cannabis establishments or opt out by town council vote.

Maine has seen growth in its adult-use cannabis industry since legalization. In 2022, the state reported nearly \$159 million in cannabis product sales –almost double the \$82 million sold in 2021. July 2023 sales hit a record \$21 million, and the state is estimated to reach \$300 million in sales by 2024.

However, the medical cannabis industry has recently seen an "exodus" of caregivers, losing over 1,300 licensed caregivers between 2021 and 2023. The Office of Cannabis Policy believes that the decrease of caregivers, who act as an alternative to medical dispensaries, derives from high costs, competition, and oversupply of product.

Several bills were enacted in April 2022 with the intention of expanding opportunities for those engaged in Maine's cannabis market. LD 1827 authorized licensed retailers to provide for home deliveries to individuals aged 21 or older and allowed all consumers to engage in curbside pickup of cannabis products. LD 1928, pertaining to protections for medical patients and their caregivers, permitted physicians to virtually meet with their patients and issue cannabis authorizations via telehealth. LD 1957, following in the footsteps of many states, sought to implement equity and diversity in their adult-use industry by repealing prohibitions on the hiring of applicants with past criminal convictions for certain marijuana offenses.

LD 1195 was the only cannabis-related bill, as mentioned previously, to be signed into law by the governor. The bill took effect April 20, 2022, providing municipalities who permit the operation of some or all adult-use marijuana establishments within the municipality reimbursement through the Adult-use Marijuana Public Health and Safety and Municipal Opt-in Fund. In 2023, LD 1180 was passed without the governor's signature; this bill enabled the establishment of social clubs designated for the sale and on-site consumption of cannabis products in Maine.



#17: Pennsylvania (2022 Ranking #23)



Pennsylvania legalized medical marijuana use in 2016 with the Pennsylvania Medical Marijuana Act, which is codified in 35 Pa. Cons. Stat. §§ 10231.101–10231.2110. Under this Act, Pennsylvania’s Department of Health of the Commonwealth is responsible for regulating commercial cannabis activity. Pennsylvania residents with a “serious medical condition” who have met the requirements for certification under the Act qualify for a medical marijuana prescription. The list of qualifying “serious medical conditions” is long, with over 15 conditions specifically named, including Parkinson’s disease, post-traumatic stress disorder, and autism. Presently, there are 24 approved conditions in the state. However, in 2023, the Senate Law & Justice Committee passed a version of a new bill, sponsored by Republican Mike Regan, that would allow doctors to prescribe medical marijuana for any ailment. The state has 161 dispensary sites run by companies including Pennsylvania Medical Solutions, Doc House, and Franklin Labs.

Medical cannabis organizations must obtain a permit from the Department before operating in Pennsylvania. Permits are available to growers/processors and dispensaries. To obtain a permit, an organization must submit an application and pay the requisite application fee. Organizations relocating to Pennsylvania may also apply for permits. Under state law, only 25 businesses can be licensed for cannabis cultivation and processing, and only five licensees can sell directly to patients through vertically integrated dispensaries.

Once a permit is obtained, the grower/processor or dispensary faces regulations that relate to the production, manufacturing, and sales of medical marijuana products. For example, a grower or processor may only grow, store, harvest, or process medical cannabis in an indoor, enclosed, and secure facility. The facility must have an electronic locking system, and surveillance and it must be located within the Commonwealth. Dispensaries must operate in an indoor, enclosed, and secure facility and may not be located within 1,000 feet of a school or daycare center. In addition to following State law, permit holders must also abide by any relevant municipality zoning or land-use requirements.

In June 2021, Gov. Tom Wolf signed medical marijuana legislation (H.B. 1024) that extends certain policies that were temporarily enacted during the COVID-19 pandemic. Under the legislation, cannabis curbside deliveries will continue, patients can obtain up to a 90-day supply for cannabis, and the cap on the number of patients that a caregiver can serve has been removed indefinitely. H.B. 1024 also keeps policies in place that loosened restrictions on criminal background checks for medical cannabis workers. Further, H.B. 1024 allows patients to purchase three times as much cannabis as they previously could, and it removes language that steered patients suffering from chronic pain to try more dangerous painkillers first.

On January 22, 2021, Democratic Sen. Sharif Street filed SB 107, a bill decriminalizing up to 30 grams of cannabis, but the bill was not scheduled during the 2021 or 2022 legislative sessions. The legislature had also rejected an amendment to H.B. 1024 from Sen. Street that would have allowed patients 21 and older to cultivate up to five plants for personal use. However, Sen. Street, joined by Republican Sen. Dan Laughlin, introduced the bipartisan Senate Bill 846 in 2023. The new bill would set the minimum age for use at 21 and cap amounts at 30 grams for leaf marijuana and 1,000 milligrams for edibles. The bill also includes provisions supporting law enforcement efforts to police driving while under the influence and promoting economic equity applicants. Importantly, it also expunges criminal histories, including convictions, for non-violent marijuana offenses. Marijuana sales would be taxed at 5% for adult-use, and home-grown marijuana would be allowed.



In September 2023, the state Senate approved a bill allowing growers and processors to sell directly to patients. The bill now awaits the House, where additional measures may be added, including a potential adult-use legalization measure. With adult use sales now occurring in nearby New York and New Jersey, legalization supporters are bullish that Pennsylvania may be next, particularly with Democratic Gov. Josh Shapiro in office as of January 2023. Shapiro has been an outspoken proponent of legalization, tweeting in 2021: "NY has legalized marijuana. NJ has legalized marijuana. It's time for PA to join our neighbors and legalize marijuana."

#18: Minnesota (2022 Ranking #28)

On May 30, 2023, Minnesota became the 23rd state to legalize adult-use cannabis, after legalizing medical use in 2014 under the THC Therapeutic Research Act. The law passed in both houses of the Minnesota legislature in April 2023, with the Senate vote passing 34-33. The law sets tax rates for cannabis products at 10% and allows for cities to limit the number of cannabis retailers within their limits to one per 12,500 residents. The law creates multiple different licenses for each step of the cannabis production and sale process, and there is no statewide cap on licenses for cannabis, allowing licensees to cultivate, manufacture, and operate up to five retail locations.

License applications for adult-use cannabis are set to begin in May 2024, and sales would begin in January 2025. The law creates an Office of Cannabis Management to regulate the industry and enforce laws, and creates grants to assist those entering the legal cannabis market. With the recent changes, cannabis sales are predicted to grow from a first-year estimate of \$550 million to \$1.54 billion in 2029.

Minnesota will also provide licenses to microbusinesses and "mezzobusinesses" under the new law, which will allow holders to cultivate, process, and sell products derived from low-THC hemp at one to three locations respectively. Current license awards give preference to social equity applicants, such as veterans or members of disaffected communities. The 2023 law also establishes licensing requirements for lower-potency hemp edible manufacturers and retailers, a change from 2022 laws legalizing the sale of hemp-derived THC edibles in mainstream retail outlets.

Compared to other states, Minnesota has been relatively strict when it comes to the production of medical-use cannabis. Only two in-state manufacturers are selected every year for the production of all medical cannabis within the state. The current dispensary operators are Green Thumb Industries, and Goodness Growth, formerly known as Vireo Health, both of which are multi-state operators. In February 2022, large multistate marijuana operator Verano Holdings Corp. signed a definitive agreement to acquire Goodness Growth for roughly \$413 million, but the deal was terminated in October 2022 before completion.

The 2023 law will allow the licensed medical suppliers to also produce and sell recreational cannabis proportional to the amount of business lost to newly licensed recreational retailers. In 2022, regulation changes and legislative actions expanded medical-use options from only liquid extracts to including flower cannabis and cannabis infused edibles. There are 19 qualifying conditions (two added in July 2023) as well as a "catchall" provision that may qualify a patient for a medical-use cannabis prescription. As of July 2023, over 39,000 Minnesota residents are registered in Minnesota's medical cannabis program.



#19: Washington, D.C. (2022 Ranking #17)

The District of Columbia legalized adult-use cannabis in 2014 through popular ballot Initiative 71, but the sale of cannabis for recreational use remains prohibited. Under the initiative, adults may possess 2 ounces of cannabis and grow up to six plants (or in homes with multiple adults, up to 12). The future of cannabis law in D.C. is dependent on the U.S. Congress, who prohibited actual sales of adult-use cannabis through a spending bill rider that prohibits D.C. from spending any money to tax and regulate cannabis. Despite the prohibition, residents in D.C. found a loophole in the law to obtain recreational cannabis from stores throughout the area. The “failed” Initiative 71 allows a resident to gift less than 1 ounce of cannabis. Shops that are deemed “I-71 businesses” have opened up in D.C. selling items such as T-shirts and stickers and “gifting” consumers cannabis with their purchases. The loophole does not offer full relief, as I-71 businesses cannot under current federal law deduct common expenses such as salaries and rent for businesses in relation to cannabis sales, despite the revenues on the non-gift items being taxed.

D.C. legalized medical cannabis use in 2010. Codified at D.C. Code Ann. § 7-1671, D.C. residents with a qualifying medical or dental condition are permitted to use cannabis. A qualifying medical or dental condition means any condition for which treatment with medical cannabis would be beneficial, as determined by the patient’s authorized practitioner. In 2018, D.C. extended privileges to physician’s assistants, nurse practitioners, and dentists to issue cannabis recommendations. The D.C. Council also voted to pass Cannabis Employment Protections Amendment Act of 2022, which Mayor Muriel Bowser signed into law on July 13, 2022.

D.C. issues licenses to medical dispensaries, cultivation centers, and testing laboratories. As of July 2023, six dispensaries are serving patients, but no current testing laboratories are licensed. To qualify for a license, an organization or business needs to register with the mayor pursuant to § 7-1671.05. In March 2023, Congress allowed the Medical Cannabis Amendment Act, signed by Washington D.C. Mayor Bowser in January 2023, to go into action. The Act formalized prior temporary actions that allowed D.C. residents to self-certify as medical cannabis patients, eliminated the cap on dispensaries allowed in a specific district, temporarily lifted the plant limit for licensed cultivators, and extended tax relief. Previously, there could not be more than six cultivation centers within an election ward, and a cultivation center could not have more than 1,000 living marijuana plants at any time. In 2022, the medical-use industry in D.C. raised \$56 million in sales, and predictions indicate that a recreational market would increase that number by nearly four times.



**Although Washington D.C. legalized adult-use cannabis in 2014 under Initiative 71, the sale of adult-use cannabis remains prohibited.*

#20: Ohio (2022 Ranking #29)

Ohio legalized medical marijuana in 2016, though its use is subject to certain conditions and qualifications. To be eligible for medical marijuana, individuals must have a qualifying medical condition and a certified physician must apply on the individual’s behalf. As of June 2022, only 240 physicians in Ohio hold an active certificate to recommend medical marijuana.

In June 2021, Ohio added three new qualifying medical marijuana conditions, bringing the list to 25 as of June 2022. Ohio state law sets the possession limit to a 90-day supply, calculated for each patient by the dispensary. The Department of Commerce issues cultivator and retail dispensary licenses and does not allow for home cultivation.



In August 2021, the Campaign to Regulate Marijuana Like Alcohol, an initiative campaign to legalize cannabis for adults, was approved to begin collecting signatures. In December 2021, the Coalition to Regulate Marijuana Like Alcohol (the organization behind the campaign) announced that it had satisfied the requirement for the first phase qualification process and submitted the signatures to the Ohio Secretary of State.

However, a lawsuit between the Coalition and the state officials postponed the ballot initiative and delayed the state's voters from having the opportunity to legalize marijuana for recreational use. Following a settlement, the initiative was set to appear on the ballot before voters on November 7, 2023.

If passed, the constitutional amendment would allow Ohioans 21 or older to buy and possess 2.5 ounces of marijuana and 15 grams of concentrates, permit adults to grow up to six plants per person (or 12 per household), tax adult-use products at a 10% rate, and create social equity retail and cultivation licenses for entrepreneurs who were disproportionately impacted by prohibition.

A poll by Spectrum News and Siena College in 2022 revealed that roughly 60% of Ohioans support adult-use legalization. Barring any new attempts to keep the initiative off the ballot, Ohio could see a rapid climb in the rankings come this time next year.

#21: Connecticut (2022 Ranking #16)

In 2021, Connecticut became another state wherein both medical and recreational cannabis use are legal. The Act Concerning the Palliative Use of Marijuana established Connecticut's medical marijuana program in May 2012. Medical marijuana is available to any qualifying patient, who must be a resident of Connecticut, diagnosed with a debilitating medical condition, and is 18 years or older, an emancipated minor, or has written consent from a legal guardian.

On June 22, 2021, Gov. Lamont signed An Act Concerning the Equitable and Responsible Regulation of Cannabis. The Act legalized the possession of adult-use marijuana as of July 1, 2021. Under the new law, retailers were allowed to sell 0.25 ounces of flower cannabis. Despite plans to allow retailers to open for adult-use sales in 2022, those openings were delayed while the state finished approving the requisite amount of space for cultivation and manufacturing. However, adult-use sales finally commenced in the state on January 10, 2023, with the opening of dispensaries including Affinity Health & Wellness, Bluepoint Wellness, The Botanist, Fine Fettle Dispensary, Still River Wellness, and Willow Brook Wellness.

Entering the adult-use era, the state already had 53,000 patients registered under its medical marijuana system, and MJBiz has projected sales in the state could jump from \$210 million in 2022 to \$375 million in 2023. Adult-use sales have ramped up considerably in 2023, with a record \$14 million adult-use cannabis sold in August 2023, along with \$11 million in medical sales for the month.

Connecticut has nine types of licenses including Delivery Service, Retailer, Product Manufacturer, Micro-cultivator, and Transporter. Altogether, the state will issue 56 licenses across the nine types, evenly split between general and social equity. Despite this even split, the state has imposed a \$3 million license fee (perhaps the largest adopted by a state) that will likely temper the facial focus on equity. The licenses have been awarded through a lottery, and, with more than a dozen licenses left to award, the process was put on hold in April 2023.

The act legalizing adult use was amended May 24, 2022, with the "Responsible and Equitable Regulation of Adult-Use Cannabis Act" or "RERACA." This law prohibits an employer from taking "adverse action" against an employee based on



their cannabis consumption outside work, with certain enumerated exceptions. The definition of “employee” under the statute also includes independent contractors.

Shortly after adult-use sales began in the state in January 2023, the first cannabis union formed after 48 Advanced Grow Labs employees joined the United Food and Commercial Workers Union. Despite opposition to provisions in the state’s legalization bill by Advanced Grow Labs and the three other licensed cannabis producers in the state, the final legislation contained a labor peace agreement clause that will likely result in more unionization among Connecticut’s cannabis workforce.

#22: Virginia (2022 Ranking #18)



Since 2017, Virginia has made significant strides in cannabis legislation by legalizing medical and recreational use, although there remains no access to retail cannabis sales outside of the state’s medical program. Virginia’s relaxed stance towards marijuana can be traced to 2017: the year that the state halted its automatic six-month suspension of an individual’s driver’s license following conviction of marijuana possession. Additionally, this same year, the state legalized medical CBD use.

In 2017, Virginia established a comprehensive medical marijuana law, codified in Virginia Code Annotated § 54.1- 3442.1 et seq., effectively permitting patients with terminal illnesses to be prescribed cannabis extracts (so long as they contain no more than 10 milligrams of THC per dose). In February 2021, legislators passed a bill that would allow dispensaries to provide unprocessed marijuana flower to patients; patients and providers were required to register through the Virginia Board of Pharmacy and pay a \$50 registration fee. According to MJBiz Factbook, Medical marijuana sales are estimated to total \$43 million this year. The Virginia Board of Pharmacy has established six zones (only five are currently operating) that will each have five pharmaceutical processors. These medical cannabis retailers include stores owned by multistate operators The Cannabist Company (formerly known as Columbia Care) and Jushi.

On April 7, 2021, Virginia became the first Southern state to legalize adult-use marijuana with the passage of H.B. 2312 and SB 1406. As of July 1, individuals 21 years and older may possess up to 1 ounce of cannabis and grow up to four cannabis plants that must be tagged with the grower’s identifying information. Additionally, that same day, Virginia’s Cannabis Control Authority assumed the power to issue business licenses, with marijuana sales set to begin in 2024.

However, on July 1, 2022, on the one-year anniversary of the legalization of marijuana in Virginia, Gov. Glenn Youngkin signed the 2022 budget bill, which contained language recriminalizing activities involving the personal possession of over 4 ounces of marijuana in public. The law classified this as a Class C misdemeanor punishable by a \$500 fine on the first offense. According to the law, all subsequent offenses would be punishable by up to six months in jail and/or a \$1,000 fine.

Further, Gov. Youngkin has stated that he is not interested in any further moves toward legalizing the retail sale of adult-use marijuana. The law signed by then-Gov. Northam in 2021 paved the way for sales to launch as early as the beginning of 2024. However, the legislation required further action from Virginia lawmakers before adult-use sales could begin. The transition to a Republican governor and House of Delegates has stymied progress toward the market’s launch. Youngkin’s term as governor runs until at least January 2026, so for now only possession and cultivation remain legal in Virginia.



#23: Texas (2022 Ranking #35)

In 2015, the Texas Legislature passed the Texas Compassionate Use Act. Codified under Tex. Health & Safety Code Ann. § 487, the executive commissioner of the Health and Human Services Commission is empowered to “designate the medical conditions for which a patient may be treated with low-THC cannabis.” The list now includes conditions such as epilepsy, multiple sclerosis, autism, PTSD, ALS, Parkinson’s disease, and cancer. Cannabis products with a THC level of up to 1% can be approved for medical use in the state. Patients must be residents of Texas, and prescribing physicians must be “certified in a medical specialty relevant to the treatment of the patient’s particular medical condition.”

State Republicans voted to approve platforms endorsing marijuana decriminalization, medical cannabis, and industrial hemp, and in June 2019, Gov. Greg Abbott signed a bill legalizing industrial hemp and some CBD product. Abbott also signed House Bill 3703 into law. This legislation expanded the range of disorders treatable under the Texas Compassionate Use Act and permitted medical marijuana prescriptions for certain conditions, including multiple sclerosis, Parkinson’s, ALS, terminal cancer, autism, and seizure disorders.

In 2023, state Democrats introduced House Bill 1937. The legislation would have decriminalized possession of 2.5 ounces and less for adults over the age of 21. According to polls, a majority of Texas voters supported the bill, although the bill remains in committee. Republican Rep. Stephanie Klick introduced House Bill 1805, which would expand the medical conditions for which doctors could prescribe cannabis to include chronic pain and increase the legal potency of products. The bill never made it past committee in the Senate.

Texas continues to punish marijuana offenses harshly — just 2 ounces can elicit a fine of up to \$2,000 and 180 days in prison. For amounts of up to 4 ounces, the fines could double, and possible prison time could increase to a year. As of 2022, Texas reported more marijuana-related arrests than any other state. At the local level, a ballot initiative in Austin, Texas passed, eliminating enforcement of “low-level marijuana offenses” and a banning “no-knock” warrants.



**M-U isn't considered fully "legal"; TX passed the Compassionate-Use Act in 2015, but the act is strictly low-THC.*

#24: Delaware (2022 Ranking #32)

Delaware legalized adult cannabis use in 2023 with the passage of H.B. 1 and H.B. 2, both sponsored by Rep. Ed Osienski. H.B. 1 legalized a “personal use quantity” of marijuana, which the legislation defines as “1 ounce or less” of leaf marijuana or “12 grams or less of concentrated cannabis, or cannabis products containing 750 milligrams or less of delta-9 [THC]” for people over the age of 21. H.B. 2 established new regulatory and tax provisions for marijuana in the state, including the office of Marijuana Commissioner, a position recently filled by Robert Coupe, a former superintendent of the Delaware State Police.

The success of these two bills came after years of efforts by Rep. Osienski, including the 2022 passage of similar legislation that was ultimately vetoed by Democratic Gov. John Carney — a determined opponent of adult cannabis legalization. The success of H.B. 1 and H.B. 2 depended on a veto-proof majority; Gov. Carney ultimately returned the bills unsigned.



Despite Delaware's difficulty passing legalization legislation, the state legalized medicinal use in 2011. The state has 12 licensed Compassion Centers (medical cannabis dispensaries), including three owned by multistate operator The Cannabist Company (formerly known as Columbia Care).

With the passage of H.B. 1 and 2, more facilities will open in the state within 19 months of enactment. The new legislation calls for 30 retailers, 60 cultivators, 30 product manufacturers, and five testing labs to receive licenses. Fifteen of the 30 retail licenses will be awarded to social equity applicants, with licenses set to be issued as early as September 2024. The state will also collect licensing fees and tax products at a rate of 15%.

#25: Hawaii (2022 Ranking #24)

Although adult use of cannabis is illegal in Hawaii as of July 2023, the state legalized medical cannabis in 2000 with the passage of Act 228, codified in the Hawaii Revised Statutes at part IX, Chapter 329. Act 228 legalized possession and use of cannabis for medical purposes under the condition that a patient register with the state's Medical Cannabis Registry Program or be authorized to purchase medical cannabis in another state. Hawaii passed Act 241 in 2015, which created the "Medical Cannabis Dispensary Program," codified at part IX, Chapter 329D. Act 241 established regulations and licensing procedures for the creation and establishment of cannabis dispensaries. Additionally, the Act transferred administration of the state's medical Cannabis Registry Program from the Department of Public Safety to the Department of Health. Hawaii's laws have become increasingly protective of cannabis use and show support for further legalization in the future. For example, Act 242, also passed in 2015, created new protections for patients and caregivers and prohibited discrimination on the basis of being a registered medical cannabis patient.

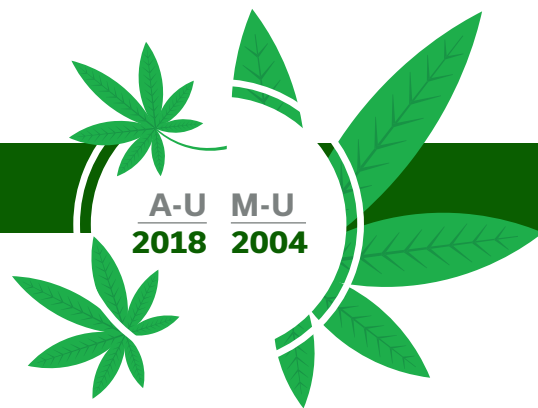
In 2021, Act 169 established a task force to explore the development of a dual-system program of cannabis legalization and the impact it would have on the availability of cannabis to medical marijuana patients. The task force concluded its work in November 2022, providing a final report that recommended a horizontal license structure that wouldn't limit the number of licenses a licensee can acquire and would promote Hawaii branding and plant genetics, regulatory action that minimizes impact on medical patients, and future study on the effects a dual system would have on social and market equity. Hawaii's state tax department also released a report in November that adult-use cannabis would generate \$50 million in tax revenues - a major step forward from the \$2.5 million in tax revenue received from Hawaii's medical cannabis industry in 2021 and existing within the task forces' estimate of \$34 million to \$53 million in tax revenue.

A 2023 bill to legalize adult use failed to pass, despite support from the senate and Democratic Gov. Josh Green. The action stalled as Hawaii House Speaker Scott Saiki cautioned that more time to study legalization was required for the state. The bill however may advance through the House in 2024 due to Hawaii's two-year legislative cycle. The bill, SB 669, would have legalized possession and transport of cannabis, established a Hawaii Cannabis Regulatory Authority within the Department of Health, and defined cannabis-related licenses for businesses, including the introduction of a pilot program that would allow medical cannabis dispensaries to work as a dual-use dispensary for two years while the Cannabis Regulatory Authority collects data to use for regulations. The bill would provide a limit on space to cultivate as well as a limit on the amount of retail outlets owned by a licensee to two, indicating greater support toward smaller businesses.

Three House bills, H.B.1216, H.B.237, and H.B.1425, failed to receive a hearing in February 2023 and did not pass during the 2023 legislative session. In May 2022, H.B. 2260 overwhelmingly passed the state House and Senate. The bill, signed into law on July 12, 2022, allows dispensaries to purchase up to 800 ounces per 30 days from other dispensaries, allows cannabis to be transported inter-island under certain circumstances, and increases the number of grow spaces cultivators can maintain and the number of plants they can grow.



#26: Vermont (2022 Ranking #11)



Medical and adult-use marijuana are legal in Vermont. On May 26, 2004, Senate Bill 76 became law, legalizing the use of medical marijuana without the governor's signature. The statutes regulating medical use are 18 V.S.A. § 4471 et seq. The Department of Health and the Commissioner of Health regulate medical cannabis and designate such regulations, all of which can be found in Vermont Administrative Code 17-2-3:3 et seq.

On June 7, 2017, House Bill 503 was signed into law, legalizing drugs containing cannabidiol. However, the language in the Act states that the use of prescription drugs containing cannabidiol is contingent upon FDA approval. To obtain a medical prescription card pursuant to Vermont Administrative Code 17-2-3:3 et seq., an individual must be diagnosed with a debilitating medical condition by a health care professional throughout a professional-patient relationship. Patients must submit applications with Vermont's Cannabis Control Board and obtain a card permitting medical use.

Licenses are available for prospective medical cannabis dispensaries. Among other criteria, the state considers the applicant's business plan and facility information, expected financial development plan, convenience of the facility for residents that need medical cannabis, and cultivation plan to ensure that the dispensary can aptly meet the needs of prospective patients. Principal board members and officers must be residents of Vermont. The Vermont Administrative Code limits the number of medical dispensary licenses that can be issued.

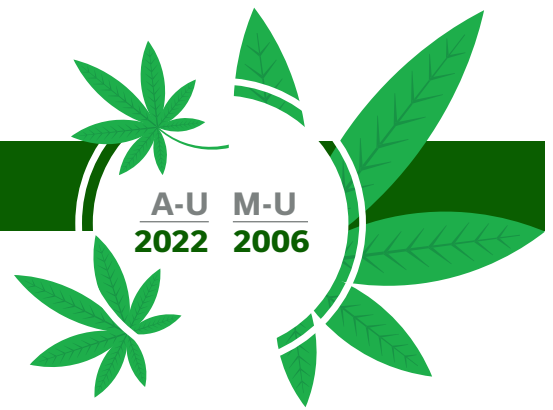
Vermont's cannabis regulations limit the number of marijuana plants and amount of usable marijuana that medical dispensaries may cultivate and possess at any given time. For example, if the dispensary is designated by more than 14 registered patients, it may cultivate and possess, at any time, two mature marijuana plants, seven immature plants, and 4 ounces of usable marijuana for every registered patient for whom the dispensary is the "designated dispensary." Vermont Regulations 17-2-3:6 states that dispensaries "[s]hall operate on a nonprofit basis for the mutual benefit of [their] patients."

On July 1, 2018, Vermont legalized adult-use cannabis pursuant to H.B. 511. The bill, codified as 18 V.S.A. § 4230, was the first instance in which adult-use cannabis legalization occurred via a state's legislature, rather than through a voter initiative. With the passage of SB 25 in June 2021, Vermont enacted a tax-and-regulate system, for which retail sales began in 2022. Further, SB 25 has a social equity provision that benefits small businesses and minority owned business. Within the first month of its enactment, Vermont recreational cannabis sales totaled over \$2.6 million. Within the first three months, the number of stores jumped to 25. As of June 2023, the state houses over 50 retail stores and expects that number to increase. Vermont retailers are projected to reach \$40 million to \$65 million in 2023 and hit \$120 million to \$145 million in sales by 2026.

Effective as of January 1, 2021, SB 234 expunges all criminal records of modest cannabis possession offenses and decriminalizes the possession of up to 2 ounces of cannabis, which is twice the legal limit for adults.



#27: Rhode Island (2022 Ranking #20)



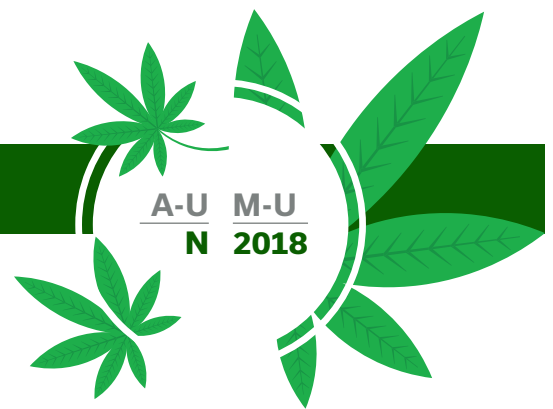
Both medical and adult-use marijuana are now legal in Rhode Island. Rhode Island legalized medical marijuana in 2006 by enacting the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act. The legislation is codified at 21 R.I. Gen. Laws Ann. § 21-28.6 and allows for a patient with a “debilitating medical condition” to use marijuana. A “debilitating medical condition,” as defined in the statute, could be cancer, glaucoma, post-traumatic stress disorder, or any other medical conditions approved by the Department of Health. Rhode Island also provides licenses for compassion centers: not-for-profit corporations that acquire, possess, cultivate, manufacture, deliver, transfer, transport, supply, or dispense marijuana to patient cardholders and/or their registered caregiver or authorized purchaser.

Initially, the state only permitted three compassion centers to hold valid registration certificates at one time, but has since expanded to an additional six newly licensed operators. Such operators include Aura of Rhode Island in Central Falls, Greenleaf Compassionate Care Center in Portsmouth, Mother Earth Wellness in Pawtucket, Thomas C. Slater Center in Providence, and Rise in Warwick. As of August 2022, the previously existing centers have been able to grow and manufacture recreational cannabis for adult consumers as well.

In May 2022, Gov. Daniel McKee signed the Rhode Island Cannabis Act into law, legalizing the personal use and licensed retail sale of cannabis to Rhode Island adults. Effective upon signing, the legislation allows those ages 21 and older to possess up to 1 ounce of cannabis in public or up to 10 ounces at home, purchase or transfer up to 1 ounce of cannabis, home-cultivate up to six plants (three mature), and possess up to 5 grams of cannabis concentrate. Further, it facilitates the automatic review and expungement of past misdemeanor or felony convictions for cannabis possession by July 1, 2024. The bill also creates the Cannabis Control Commission, an independent commission that is authorized to issue licenses and set industry regulations for adult-use and medical cannabis. The Commission will be charged with issuing up to 24 retail licenses. The revenue obtained by the application and licensing fees will be used to create a social equity fund to benefit those communities negatively impacted by the criminalization of cannabis.

Rhode Island’s adult-use sales are expected to total \$80 million within the first year and \$300 million by the fourth year. Retailers generated \$8.7 million in total sales from February to March 2023, representing a 17.4% increase month over month. The market opened with 33 of the state’s 39 municipalities opting in, or nearly 85%. By contrast, in California, the nation’s largest market, only about 40% of cities and counties are opting in for adult-use sales. To further improve sales, Rhode Island recently passed a law allowing some advertisements by retail licensees who sell both medical and recreational marijuana.

#28: Oklahoma (2022 Ranking #27)



On June 26, 2018, Oklahoma became the 30th state to legalize medical marijuana, with the passage of SQ 788, the Medical Marijuana Legalization Initiative. The Oklahoma Medical Marijuana and Patient Protection Act, signed into law by Gov. Kevin Stitt in May 2019, created the initial regulatory framework within the state and granted rule-making powers to the Oklahoma Medical Marijuana Authority (OMMA).

The 2019 Act authorizes inspections and the review of applicants, licensees, and medical marijuana business licenses to determine compliance. Further, the 2019 Act imposes disciplinary actions for when business violate the Act. It also created a medical marijuana use registry of patients and caregivers. It establishes additional rights, restrictions, and prohibitions relating to medical marijuana use and possession. On the business side, the Act establishes license classes



and requirements for businesses and other entities that handle marijuana. As of September 2023, there are over 5,800 registered growers in the state.

Although the state legalized medical marijuana just four years ago, Oklahoma has become one of the easiest, cheapest, and fastest places in the country to launch a cannabis business. In December 2021, Oklahoma boasted having more retail cannabis stores than Colorado, Oregon, and Washington combined. As of February 2022, Oklahoma has the most patient licenses of any state where medical marijuana is legal, and the total number of business licenses grew by 404% from 2018 to 2021. However, the growth has begun to slow.

In May 2022, Gov. Stitt signed a measure into law that sets a two-year moratorium on new medical marijuana licenses. One year later, in May 2023, lawmakers passed H.B. 2095, extending the moratorium to August 1, 2026. Oklahoma's medical marijuana market is far higher than the demand. Regulators and lawmakers have taken steps to try to manage oversupply and an estimated 2,000 MMJ licensees who obtained permits fraudulently or are using their licenses to mask illegal sales.

In May 2021, Gov. Stitt signed SB 1033, which grandfathered in the Oklahoma Medical Marijuana and Patient Protection Act. The Act also lets businesses transfer licenses if there is a change in ownership and lets the Oklahoma Tax Commission collect a fee so they can do audits on businesses. Additionally, the Act allows caregivers to grow marijuana for up to five patients. It provides further protection for doctors, stating that they cannot be punished for issuing medical marijuana cards if they are issued lawfully.

Adult-use marijuana is not legal in Oklahoma. In March 2023, voters soundly rejected State Question 820, which would have legalized recreational use.

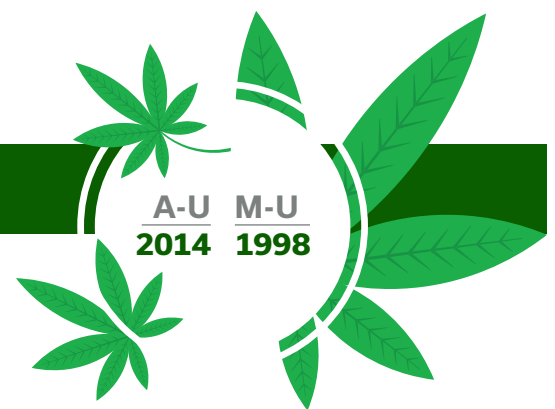
#29: Alaska (2022 Ranking #12)

With the 2014 passage and 2015 enactment of Ballot Measure No. 2, Alaska became the third state to legalize adult-use cannabis. This measure ensures that no individual aged 21 years or older is subject to criminal or civil penalty under state law for possessing, growing, purchasing, or transferring 1 ounce or less of marijuana. Although recreational use on private property is permitted, the use of marijuana in public remains entirely illegal.

The state also permits businesses to possess, grow, process, transport, or transfer up to six marijuana plants (three mature) to anyone 21 and older. The statutory definition of marijuana is broad and likely encompasses products like cannabidiol. Commercial businesses must obtain appropriate licenses to operate legally within the state. Alaska offers four licenses: retail marijuana stores, marijuana cultivation facilities, marijuana product manufacturing facilities, and marijuana testing facilities. The licensing framework in Alaska is favorable to cannabis businesses. These licenses can be transferred with the approval of the Marijuana Control Board, the state agency charged with regulating Alaska's commercial business. A business can operate as non-profit or for-profit, as long as it is run by Alaska residents.

On April 11, 2019, Alaska became the first state to permit on-site cannabis use in freestanding retail marijuana shops, under the condition that they set up separate designated smoking areas for patrons. Local regulations may vary, however; the city of Anchorage, for example, permits only consumption of edibles at dispensaries.

After several years of legalization, cannabis production constitutes around 40% of the state's farm, fishing, and forestry job market, and that share will likely grow. According to an Alaska Department of Labor and Workforce Development economist, the number of state-issued licenses "more than doubled" with each year following initial legalization. By early 2023, Alaska had granted a total of 667 commercial business licenses (encompassing previously mentioned stores and facilities designated for cultivation, manufacturing, and testing), 465 of which were in full operation. Despite a track record



of strong performance and a trend of upward growth, the state's market has leveled out heading into 2023. Whether this deceleration is a lingering effect of the Covid-19 pandemic or a somewhat natural market equilibrium remains unclear. The latter could be explained, in part, by the state's higher taxes on cannabis products: In 2023, Alaska had the highest marijuana taxes in the country. In 2022, Gov. Mike Dunleavy created a 10-member advisory task force dedicated to recreational cannabis use and the examination of the state's marijuana tax structures and regulations.

Patients aged 18 years old or older with certain debilitating medical conditions can apply to register and receive a medical marijuana identification card. Registered patients and their caregivers (whom, unlike eligible patients, must be 21 years of age or older) can possess up to 1 ounce of usable medical marijuana at any given time. The law provides an affirmative defense against state-law prosecution for the manufacture, delivery, or possession of marijuana if the patient is properly registered with the state. The list of eligible conditions is broad and includes, but is not limited to, cancer, glaucoma, and chronic conditions resulting in severe pain, nausea, or seizures. Other conditions may also be approved by the state's Department of Health and Social Services.

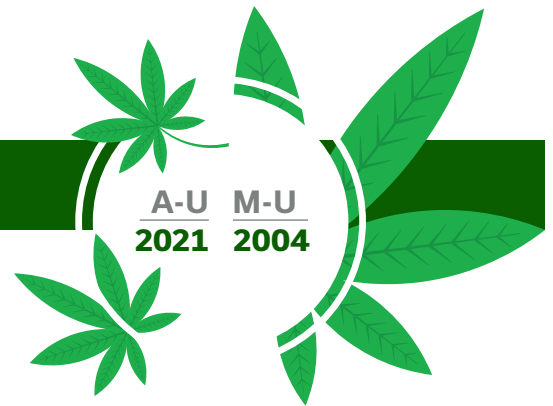
#30: Montana (2022 Ranking #19)

In May 2021, Gov. Greg Gianforte signed H.B. 701 into law, implementing Initiative I-190, a ballot measure legalizing adult-use cannabis. The law permits individuals aged 21 and over to possess and purchase up to 1 ounce of cannabis or its legal equivalent: up to 8 grams of concentrate and/or up to 800 mg of THC in edible form. Home cultivation is permitted, though it is limited to two plants per adult and four plants per household. Recreational cannabis sales in Montana began January 1, 2022. Cannabis flower potency is capped at 35% THC, while edible products are limited to 100 mg of THC, with no more than 10 mg per serving size. Business Cultivation runs on a tiered system, ranging from micro production of 250 square feet of cultivation space to larger-scale production of up to 50,000 square feet, with corresponding gradually increasing fees.

Under current law, the Montana Department of Revenue may only issue adult-use cultivation, manufacture, and retail licenses to existing medical cannabis businesses between January 1, 2022, and July 1, 2025. While the moratorium on new licensees under I-190 initially only ran until June 30, 2023, Gov. Gianforte signed H.B. 128 and H.B. 903 into law in May 2023, extending the moratorium, granting tribal nations equal privileges as other cannabis businesses, and requiring exorbitantly higher fees from those who seek multiple licenses in each area. Adults in Montana may purchase cannabis in stores located in "green counties" in which a majority of voters demonstrated support of the I-190 ballot initiative legalizing adult-use cannabis. In green counties, local governments may not prohibit the establishment of adult-use cannabis businesses. In counties in which a majority of voters demonstrated an opposition to I-190, however, adult-use cannabis businesses are not permitted to operate until a local government has approved them.

In Montana, a 20% tax is imposed at the point of sale of cannabis products to adult consumers. Local governments may impose an additional tax of up to 3% on the sale price of cannabis products. In 2022, Montana marijuana retailers sold over \$300 million worth of medical and recreational cannabis.

Despite efforts to ban adult-use cannabis businesses at the state and local level in 2022 and 2023, the State Senate's Business, Labor, and Economic Affairs Committee voted 6-4 to table SB 546, which would institute a cannabis prohibition. State residents approved of cannabis-related tax measures and voted against an adult-use ban in the state's most populous county, Yellowstone County. On the other hand, Montana's comparatively small Granite County (with a population of 3,325 people), backed a ban on adult-use sales, outlawing the county's adult-use retailer.



Medical cannabis was legalized in Montana in 2004 through a ballot initiative approved by 62% of state voters. In 2016, Initiative 182 expanded Montana's medical cannabis laws. Providers must obtain a license from the state's Department of Public Health and Human Services. To apply for a license, a provider must provide extensive information, including proof of residency, fingerprints, a signed agreement with the registered cardholder, a statement that the provider will not provide to any other non-cardholder, and the location of cultivation. There is no limit on the number of licenses granted, but there is a cap on production.

#31: Louisiana (2022 Ranking #22)

In 2016, with the passage of SB 271, Louisiana legalized the use of medical marijuana. SB 271 permits the use of marijuana by Louisiana patients diagnosed with a "debilitating medical condition." In 2019, two cultivators and nine licensed dispensaries began selling the state's first medical marijuana products. Initially, the category of "debilitating medical conditions" encompassed "cancer, positive status for human immunodeficiency virus, acquired immune deficiency syndrome, cachexia or wasting syndrome, seizure disorders, epilepsy, spasticity, Crohn's disease, muscular dystrophy, or multiple sclerosis," but SB 579 and H.B. 627 have since expanded the list of qualifying conditions.

The state originally tasked the Louisiana Board of Pharmacy with selecting the 9 dispensary locations, and Louisiana State University and Southern University Agricultural Center served as production facilities. Louisiana's attitude toward cannabis has become more lenient through the years. Recently, regulators informed seven of the nine dispensaries that they were each eligible to apply to open on satellite locations. Further, in 2016, New Orleans decriminalized marijuana possession in the city, only to be followed by Baton Rouge in 2018. Additionally, the year 2018 saw the introduction of H.B. 274, which sought to legalize and tax the adult-use of marijuana but failed to pass. On June 15, 2021, H.B. 652 was signed into law, effectively decriminalizing the possession of fewer than 14 grams of cannabis. This went into effect on August 1, 2021.

In the second quarter of 2022, Louisiana listed nearly 35,000 medical marijuana patients - roughly triple the number compared to the second quarter of 2021. The current dispensaries filled more than 199,000 orders across the state, which is about five times the number filled a year prior. The increase in patients is attributed to changes in Louisiana's medical marijuana law that permits smokable flower products and make it easier for doctors to recommend cannabis to patients. Demand is being met by large producers in the state, including Good Day Farm, the state's largest cannabis producer.

Although adult-use cannabis is not yet legal in Louisiana, the state has passed a number of notable cannabis-related laws which took effect in August 2022. Notably, Louisiana House Bill 988 provides employment protections to patients who lawfully consume medical marijuana while away from their jobs, similar to legislation in states where marijuana is fully legalized, where protections are provided for adult-use off-worksites consumption. This does not alter existing law regarding the consumption of cannabis while at work, which is still prohibited. A reciprocity bill for qualifying patients who are not Louisiana residents, who can now have medical marijuana dispensed to them within the state, while yet another bill provides immunity for those who purchase and possess such medical marijuana products. Lastly, more Louisiana residents will be able to be prescribed medical marijuana after House Bill 190 authorized nurse practitioners with prescriptive authority to recommend medical marijuana to patients.

The 2019 House Bill 491 legalizing delta-8, in conjunction with the cannabis laws which took effect in August 2022, is demonstrative of Louisiana's willingness to keep up with general state trends. Lawmakers in Louisiana's Republican-led House, however, recently quashed an effort to legalize marijuana possession for those 21 and older and establish an adult-use retail market. H.B. 24 was voted down in committee 9 to 4. The bill was opposed by Louisiana sheriffs, district attorneys, and chiefs of police who contended passage would present a public safety issue and a danger to children. Despite the expansion of its medical marijuana program, recreational cannabis seems unlikely in Louisiana's near future.



#32: Utah (2022 Ranking #34)



On November 6, 2018, Utah legalized medical marijuana, and its first medical cannabis dispensary opened in 2020. Utah saw this legalization through the passage of Proposition 2. The measure, known as the Utah Medical Cannabis Act, authorizes the use of medical marijuana by qualified patients who possess a medical marijuana card obtained from a physician. The Utah Medical Cannabis Act imposes certain restrictions on medical marijuana purchases; it contains limiting language, defining the “legal dosage limit” as an amount that provides a sufficient 30-day supply of treatment and does not exceed 20 grams of THC. In 2021, the state legislature passed Senate Bill 192, which created the Cannabis Production Establishment Licensing Advisory Board, officially establishing bureaucratic responsibility for reviewing license applications and conducting public hearings regarding licensing. Utah legislators also eliminated a residency requirement with respect to the medical marijuana dispensary licenses the state plans to award during 2019.

Utah’s new governor signed two new medical marijuana-related bills – S.B. 46 and S.B. 195 – into law in 2022. Senate Bill 46 limits the punitive measures employers may take against their employees who consume medical marijuana, in compliance with the law, at home. The same bill also bans any judge, panel, jury, or court commissioner from discriminating against a person in a judicial proceeding who uses medical marijuana in accordance with state law. Senate Bill 195 expands physicians’ ability to prescribe medical marijuana, particularly in cases where patients would otherwise be prescribed opioids, and changed the name of the Cannabinoid Product Board to the Cannabis Research Review Board.

In 2022, medical cannabis sales topped \$118 million, and 63,622 patients were registered in the state for medical use by the beginning of 2023. These numbers represent a greater than 50% increase in both sales and patients, and sales are projected to surpass \$135 million this year. Money also flowed into the state cannabis market when New York company Curaleaf Holdings acquired Utah’s largest retailer, Deseret Wellness.

#33: Alabama (2022 Ranking #37)



In 2021, Gov. Kay Ivey signed the Darren Wesley “Ato” Hall Compassion Act, legalizing cannabis for medical use. Under this legislation, patients must have a qualifying medical condition to be eligible for use. The Act established the Alabama Medical Cannabis Commission (AMCC), which regulates all aspects of the industry. It does not, however, permit home cultivation of cannabis, nor does it permit patients to smoke, vape, or consume food-based medical cannabis products.

In August 2022, the AMCC approved rules for regulation and licensing of medical cannabis, and awarded licenses to 21 medical-use companies in June 2023. License applicants must pay a \$2,500 application fee, and annual licensing fees will range between \$10,000 and \$50,000. Additionally, there will be a 9% gross proceeds tax on the retail sale of medical cannabis.

The AMCC awarded licenses to four cultivators, four processors, four dispensaries (which each may operate up to three locations in different counties), five integrated facilities (which may grow, process, transport and dispense at up to five dispensing sites in different counties), three secure transporters, and one testing laboratory. However, due to legal disputes regarding the consistency of the AMCC’s evaluation process for licensing, the licensing process has seen delays. As of September 2023, settlement talks to resolve the litigation were at an impasse and there was no clear timeframe for when Alabama’s medical cannabis market will launch.



Additionally, the Alabama State Board of Medical Examiners issued its final rules on physician recommendation of medical cannabis on May 15, 2022. These rules lay out the eligibility requirements for licensed physicians to obtain an Alabama Medical Cannabis Certification Permit from the board. The permit must be renewed annually. In addition, the rules stipulate the steps physicians must complete before they can recommend cannabis to their patients as well as dosage limitations.

Though Alabama has become more progressive with regard to industrial hemp and medical cannabis, the state Legislature remains adamantly opposed to legal recreational use and the state's criminal penalties for cannabis possession are severe. House Speaker Nathaniel Ledbetter indicated in April 2023 that he has no plans to allow debate on adult-use legislation during his four-year term, which ends November 6, 2026.

In 2019, Alabama passed SB 225, rescheduling and redefining cannabidiol (CBD) products to align with the 2018 Farm Bill and legalizing the sale of CBD products with a THC concentration below 0.3% by dry weight. The Department of Agriculture and Industries issues licenses to industrial hemp growers and processors on a yearly basis, with growers paying a \$150 application fee and an annual license fee of \$1,000 per growing area or processing area. The state of Alabama does not provide any financial assistance to growers or processors/handlers.

#34: New Hampshire (2022 Ranking #26)

In 2013, New Hampshire legalized the use of cannabis for medical purposes, codified in N.H. Rev. Stat. §§ 126-X:1 to 126-X:11. In order to qualify to purchase medical cannabis, a patient must be diagnosed by a provider with a qualifying medical condition, and must possess a valid registry identification card. New Hampshire's qualifying medical conditions are among the most expansive in the nation. As of June 2023, the New Hampshire Department of Health and Human Services (DHHS) has begun to allow visitors who possess a medical cannabis card with matching identification to make purchases within the state three times per year.

New Hampshire statute provides licenses to Alternative Treatment Centers, which are not-for-profit entities that acquire, possess, cultivate, manufacture, deliver, transfer, transport, sell, supply, and dispense cannabis and related supplies and educational materials to qualifying patients. However, qualification to become an Alternative Treatment Center depends completely upon whether the Department of Health and Human Services determines that having additional locations for the dispensing of therapeutic cannabis is necessary to adequately and effectively meet the needs of qualifying patients.

If it is necessary, the Department may authorize the Alternative Treatment Center. Additionally, Alternative Treatment Centers have a limitation on the amount of product they can have at once. The state currently permits only seven Alternative Treatment Centers to operate.

The current perception of cannabis in New Hampshire is positive, but the state has yet to pass recreational cannabis legislation. The Democratic Party of New Hampshire has made the legalization of adult-use cannabis an integral part of its platform, and a majority of state residents are in favor of legalization. The legalization effort made significant progress when the House passed H.B. 1648 in 2020, but the legislative session was brought to a premature end in light of COVID-19. Two legalization bills were introduced in the House in 2021, and a legalization bill was introduced to the Senate in 2022, but none were able to pass the Senate. The most recent legalization effort, H.B. 639, failed in the Senate by a vote of 14-10. However, in August 2023, Gov. Chris Sununu signed a bill that will create a commission tasked with preparing legalization of state-run cannabis sale. The bill requires the commission to report its recommendations by December 1, 2023, and allow for lawmakers to submit legislation in the 2024 legislative year.



#35: Arkansas (2022 Ranking #30)



Arkansas has a complicated history of cannabis legalization. With the passage of the Arkansas Medical Marijuana Amendment in 2016, a legalized medical marijuana program was created, to be run by the Arkansas Alcoholic Beverage Control Board (AABCB). The regulations provided by the AABCB include specifics on residency requirements of owners, qualifying medical conditions, business qualifications, and zoning issues.

The Arkansas Medical Marijuana Commission is tasked with administering and regulating the issuance of licenses to operate medical marijuana dispensaries and cultivation facilities. The commission must issue at least four, but no more than eight, cultivation facility licenses. For dispensaries, the commission must issue at least 20, but no more than 40, dispensary licenses. In addition, no individual may have an interest in more than one cultivation facility and dispensary.

The rollout of medical marijuana was slow. Though the medical marijuana program was established in 2016, the first patient was not served until May 2019. As of March 2022, there were 38 dispensaries operational within the state. In addition, the commission has granted all eight cultivation licenses permitted by the amendment.

Cultivators are responsible for most of the marijuana production, but dispensaries are also able to grow and possess up to 50 mature plants and grow and possess up to 150 immature plants at one time. Qualified medical patients are not allowed to grow or cultivate marijuana. Patients are permitted to purchase up to 2.5 ounces from a state-approved dispensary every 14 days.

Aside from medical use and legalized industrial hemp, Arkansas does not allow for the sale, possession, or consumption of cannabis products. In addition, Arkansas is one of four "smoke a joint, lose your license" states, meaning any drug offense results in a six-month suspension of the offender's driver's license.

The prospects for the state legalizing recreational is uncertain. In November 2022, Arkansas voters resoundingly rejected Issue 4, a ballot measure which would have legalized the possession, personal use, and consumption of cannabis by adults.

In February 2023, Republican state Sen. Joshua Bryant filed SJR13, which would "amend the Arkansas Constitution to legalize marijuana for the purposes of craft or home growing and adult-use by Arkansas residents of a certain age." The legalization of home-grown cannabis, which would likely be seen as an improvement to the previous year's failed Issue 4 and improve its popularity, was not brought to a vote before the state Senate adjourned in May 2023.

#36: West Virginia (2022 Ranking #36)



Both cannabidiol oil and medical marijuana are legal under state law in West Virginia, however, the state does not allow cannabis for adult-use purposes and has not decriminalized cannabis possession.

In 2017, the West Virginia Medical Cannabis Act was signed into legislation and is now codified in W. Va. Code §§ 16A-1-1 to 16A-16-1. The Bureau for Public Health within the West Virginia Department of Health and Human Resources is responsible for regulating the cannabis activity. Under the Act, patients suffering from specified "serious medical conditions" such as cancer are permitted to use cannabis. Initially, marijuana



could only be dispensed in specific forms including pill and oil, but in 2020, the legislature included dry leaf or plant form to the list of authorized forms.

West Virginia's medical cannabis program has been one of the slowest to develop in the nation. Although the state legalized medical cannabis in 2017, the Office of Medical Cannabis did not begin allowing patients to register until February 2021, and the first medical cannabis dispensary opened in November 2021. The start of medical marijuana sales comes a whopping four years and seven months after the initial legislation's passage. Despite the gradual rollout, some of the largest cannabis companies have begun to conduct business in the state including Trulieve, The Canabist Company (formerly known as Columbia Care), Verano Holdings, Holistic Industries and Harvest Care, and annual sales are projected to reach up to \$40 million by 2025, only limited by the state's small population.

The medical cannabis program was capped by the West Virginia Legislature at 10 growers permits, 10 processor permits, and up to 100 dispensaries. Once a permit is obtained, the grower, processor, or dispensary faces more regulations that relate to the production, manufacturing, and/or sales of medical marijuana projects. For example, individuals who operate a dispensary can dispense only in an indoor, enclosed, secure facility and may not operate on the same site as a facility used for growing or processing. In addition to following state law, permit holders must also abide by any relevant municipal ordinances, which may prohibit or limit medical cannabis organizations.

In 2018, H.B. 4345 would have expanded the state's marijuana laws. However, the Senate subsequently made changes, and the bill died. The proposed bill amended and reenacted parts of the Act, based largely on recommendations made by the Medical Cannabis Advisory Board. The proposed bill would have allowed growers and processors to be dispensaries, among other changes. Proponents of legalization note that there is only one state in the country where a federal prosecuting attorney targets the cannabis industry - current U.S. Attorney Mike Stuart.

As of June 2022, West Virginia does not permit cannabis for adult-use purposes and has not decriminalized cannabis possession.

#37: Kentucky (2022 Ranking #41)

In March 2023, Kentucky became the most recent state to legalize medical marijuana. Gov. Andy Beshear signed SB 47 into law the day after it passed the Republican-dominated House on a 66 to 33 vote. The new market is slated to launch no sooner than 2025. The new law has no license caps and permits cultivation with canopy ranging from 2,500 to 50,000 square feet. Beshear's signature follows an executive order he issued last fall that allowed Kentucky residents to legally possess medical marijuana products with proof of legal purchase obtained in other states.

The state also legalized hemp back in 2014 (SB 124). The industrial hemp program is run by the Kentucky Department of Agriculture. Since the bill's passage, Kentucky has become a leading producer of hemp products.

Recreational marijuana is still illegal, and there seems to be very little momentum to pass such legislation in the coming years. The state has also joined others in a recent crackdown on the production and sale of delta-8 THC products and their derivatives. H.B. 554 requires retailers to keep the products behind the counter, sets guidelines for labelling, establishes a testing and approval process, and makes it illegal for people under 21 to purchase delta-8 THC products.



#38: Mississippi (2022 Ranking #40)

Mississippi Gov. Tate Reeves signed the Mississippi Medical Cannabis Act (SB 2095) on February 2, 2022, making Mississippi the second-most recent state to legalize marijuana (subsequently, Kentucky legalized medical marijuana in 2023). To qualify, patients must have at least one qualifying medical condition and a written certification issued by a health care practitioner with whom they have a bona fide relationship. Patients must also apply to the health department for a registration card.

The Medical Cannabis Program appointed Laura Goodson as director in January, and medical marijuana sales began shortly thereafter. Since the program launched in the summer 2022, over 10,000 patients have enrolled. Sales of legal medical cannabis commenced in January 2023, and through July, cumulative sales exceeded \$15 million. July 2023 sales were \$4.4 million, the sixth straight month of increased sales since the medical program began. Medical marijuana sales are expected to reach \$265 million in the first year of the program and \$800 million by the fourth year, according to MJBiz Factbook.

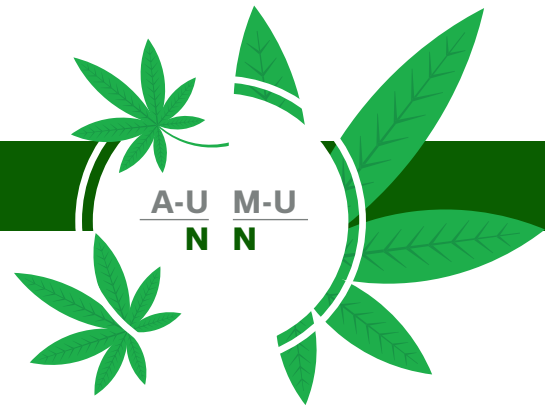
In Mississippi, cannabidiol (CBD) oil for people with a debilitating epileptic condition or related illness became legal in 2014 with the passage of Harper Grace's Law, MS Code § 41-29-136. Users must have a physician's orders and can obtain the CBD oil only from the University of Mississippi Medical Center. CBD is only produced by the University of Mississippi and Mississippi State University.

In November 2020, 74% of Mississippi voters approved a bill legalizing medical marijuana. The voter-approved initiative would have allowed for patients to legally obtain marijuana after getting a doctor's recommendation to treat 22 qualifying conditions such as cancer, chronic pain, and post-traumatic stress disorder (PTSD). Unfortunately, in May 2021, the state Supreme Court overturned the measure in a 6-3 ruling on procedural grounds unrelated to the initiative's merits.

#39: Georgia (2022 Ranking #42)

Georgia legalized the medical use and possession of low tetrahydrocannabinol (THC) oil in 2015 with the passage of House Bill 1, known as Haleigh's Hope Act. The Act was subsequently amended by SB 16, effective July 1, 2017, which changed the definition of "low THC oil" and expanded the list of conditions eligible for use of low THC oil.

In April 2019, Gov. Brian Kemp signed House Bill 324, which provided greater access and availability by making it legal to produce and distribute low-THC cannabis oils in Georgia. The bill created the Georgia Access to Medical Cannabis Commission, a seven-member board appointed by state officials that will license dispensaries. Subject to the dispensing licenses, pharmacies and other retail outlets would be permitted to sell the oils. The Commission accepted applications for producers in late 2020.



In July 2021, the first six production licenses (two Class 1 Licenses and four Class 2 Licenses) were awarded to six winning companies out of 69 applicants, but litigation contesting the application process caused the contracts to go unapproved. In September 2022, only the two Class 1 Licenses were awarded, providing licenses to Trulieve Georgia and local company Botanical Sciences. These licenses allow the companies to cultivate cannabis in 100,000-square-foot indoor facilities and open up to five medical dispensaries. These companies have one year from contract signing to set up operations, cultivate cannabis, and produce oil. The status of the remaining four Class 2 licenses is unclear, as Georgia legislators only recently passed rules governing the low-THC oil program in January 2023.

In April 2023, the first medical cannabis dispensary, operated by Trulieve Cannabis Corp., opened in Macon, and in July 2023, Botanical Sciences opened its first dispensary in Pooler. The number of patients on Georgia's low THC oil registry has increased from 13,000 patients in 2019 to more than 25,000 in April 2023.

Georgia does not permit cannabis for adult-use purposes. SB 283, which would have legalized and regulated cannabis for adults, did not get through the legislative process in 2022. In addition, the licensing process has paused because of lawsuits by bidders that did not receive licenses.

#40: North Dakota (2022 Ranking #31)

Medical marijuana is legal in North Dakota. In 2016, the state passed SB 2344, which permits medical marijuana use for patients with chronic, debilitating, or terminal medical conditions. According to North Dakota, a debilitating, chronic, or terminal medical condition includes cancer, HIV, Crohn's disease, fibromyalgia, anorexia, bulimia, anxiety, Tourette syndrome, endometriosis, migraines, and numerous other medical conditions.

North Dakota has eight dispensaries, with four owned by multistate operator Curaleaf. Those four stores were originally operated under the Herbology brand owned by Grassroots Cannabis, which was acquired by Curaleaf Holdings, Inc. for approximately \$875 million in July 2020. As of June 2022, medical registry identification card data revealed almost 8,000 registered qualifying patients in the state. North Dakota lawmakers recently squashed two bills that would have allowed legal medical marijuana businesses to sell edibles. However, medical marijuana dispensaries are now able to sell up to 6,000 milligrams of THC to patients every 30 days. The change stems from the governor's approval earlier in 2023 of SB 2068, increasing the limit from 4,000 milligrams every 30 days.

On the recreational front, in May 2019, North Dakota removed the possibility of receiving jail time for the possession of small amounts of marijuana. Recreational marijuana is not legal, but in March 2021, a ballot initiative was passed by the House. The Senate later rejected the initiative. In July 2022, activists submitted signatures for marijuana legalization ballot initiative. This initiative would have allowed adults ages 21 and older to purchase and possess up to 1 ounce of cannabis and grow up to three plants for personal use. However, the measure failed 55% to 45%. The defeat marks the second time North Dakota residents have rejected an adult-use marijuana measure.



#41: Wisconsin (2022 Ranking #47)



In Wisconsin, neither medical nor adult cannabis use is legally permitted; however, more than 80% of Wisconsinites support the idea of legalizing medical marijuana. On April 20, 2022, a Republican medical marijuana bill had a public hearing, the first time a marijuana legalization bill had a public hearing in over 10 years. The proposed bill only legalizes marijuana in the form of a liquid, oil, pill, topical cream, or tincture. Democratic Gov. Tony Evers proposed a similar bill again in 2023 that was similarly rejected. Wisconsin Republicans have made comments about the possibility of a medical marijuana measure by the end of 2023. Robin Vos, State Assembly Speaker, said an MMJ measure “unique to Wisconsin” is in the works.

Cannabidiol is legal if dispensed by a pharmacy or physician, pursuant to Wis. Stat. Ann. § 961.38. In order to possess cannabidiol, people must have a written certification that is not more than a year old, and people may not possess the cannabidiol past any expiration date listed on the certification.

The Department of Agriculture, Trade and Consumer Protection also issues licenses to industrial hemp growers and processors. Growers and processors must pass a background check and, once approved, must register annually with the Department. All industrial hemp products must be tested, and all growers must obtain a fit for commerce certificate prior to any hemp being transported to a processor. All hemp must show a tetrahydrocannabinol (THC) level of 0.3% or below. Any harvested industrial hemp found in Wisconsin without a fit-for-commerce certificate is subject to seizure and destruction at the licensee’s expense.

Industrial hemp is legally permitted to be cultivated in Wisconsin. The Department of Agriculture, Trade and Consumer Protection is charged with establishing regulations for growing, cultivating, harvesting, and sampling industrial hemp. The Department created the Hemp Research Program that studies the growth and cultivation of industrial hemp. Further, on May 3, 2021, the Department promulgated a new emergency rule that provides a remediation pathway for lots that exceed the regulatory limit of 0.3% THC, caps negligent violations at one per year, and raises the TBH level that constitutes a negligent violation from 0.5% to greater than 1.0%.

The push to legalize marijuana for adult-use in Wisconsin has suffered from various starts and stops. In November 2018, state voters supported marijuana use by a solid majority in referendums on medical and adult-use. However, with Republican majorities in both houses, the people may not get their wish for some time. Despite legalization advancing quickly in neighboring states, Republican legislators continue to oppose legalization of adult-use and are split on allowing medical cannabis.

#42: Iowa (2022 Ranking #38)



Iowa has one of the most restrictive medical cannabis programs in the nation. Iowa allows the use of medical cannabidiol (CBD) only in non-smokable products for people with certain physical ailments. In 2015, the Iowa legislature passed the Medical Cannabidiol Act. Under Iowa Code Ann. 124E, a patient with a “debilitating medical condition” may use CBD. Iowa Code Ann. 124E.2(2) provides a list of medical conditions that qualify for the use of CBD, including chronic pain and nausea. For a patient to qualify for a CBD license, the patient has to: be 18 years of age, be a permanent resident of Iowa, submit a certificate written by the patient’s health care practitioner to the Department of Public Health certifying that the patient is suffering a debilitating medical

**M-U isn’t considered fully “legal”; the Medical Cannabidiol Act was signed into law in May 2017, but is very limiting.*



condition, submit an application to the Department of Public Health, and pay a fee. Patients are allowed to possess 4.5 grams of THC every 90 days.

Iowa allows certain types of licenses for manufacturers and dispensaries. Licenses must be issued or renewed annually. Up to five medical cannabidiol dispensaries may also be licensed to operate in the state. The Department of Public Health may issue a license to up to two out-of-state medical cannabidiol dispensaries from a bordering state to sell and dispense CBD to a patient or primary caregiver in possession of a valid medical cannabidiol registration card.

Despite this strict limit on licensures, medical marijuana sales exceeded \$10 million in 2022. This 65% growth in sales from the previous year was likely driven by a rapid increase in medical marijuana cardholders in the state — nearly 15,000 in 2021.

In order to qualify for a dispensary license, an interested party must apply with the Department of Public Health and pay the respective fees. The Department of Public Health will then conduct a thorough investigation of the interested party. While polls show that most Iowans support legalizing both medical and recreational marijuana use, all signs show that it is unlikely anything will change absent federal legislation.

In February 2023, Iowa House Democrats released legislation that would legalize recreational marijuana use and lower penalties for possession. However, Iowa Republicans control the legislature and the governorship, and legislative efforts are unlikely to succeed in the near future.

#43: U.S. Virgin Islands (and other U.S. territories)

The U.S. Virgin Islands, consisting of St. Thomas, St. John and St. Croix, legalized adult-use cannabis on January 18, 2023, when Democratic Gov. Albert Bryan, Jr. signed into law the Virgin Islands Cannabis Use Act (Act 8680). The Act allows for legal use by adults for medical, sacramental and other uses and also regulates the production, distribution and use of adult-use and medical cannabis. In addition to legalizing adult-use cannabis, Gov. Bryan issued a proclamation expunging the records of those convicted of simple cannabis possession.

Act 8680 establishes a tax of 18% on adult-use sales (medical sales are exempt) and creates an Office of Cannabis Regulations (OCR) to establish rules and regulations relating to the cultivation, manufacture, sale, provision, testing, licensing and use of cannabis. Licenses must be formed under the laws of the Virgin Islands with its principal place of business in the Virgin Islands, and the holders of a majority of the ownership in licensee must be bona fide residents of the Virgin Islands.

Gov. Bryan praised the Act for streamlining the regulatory scheme of adult-use and medical-use, creating enforcement power for the Office of Cannabis Regulation and providing entrepreneurship and job opportunities for Virgin Island residents. OCR has released draft rules, but as of September 2023, a timeline for approval of the rules had not been finalized and it was unclear when Virgin Islanders will be able to apply for licenses to legally grow and sell cannabis.

The Virgin Islands Cannabis Use Act followed the legalization of medical cannabis in 2019 under the Virgin Island Medical Cannabis Patient Care Act. The Act established a licensing system for cultivators and retailers and allowed patients to cultivate up to 12 plants. Patients are also allowed to use and possess up to 4 ounces of cannabis to treat qualified medical conditions. The medical program was never fully implemented, as the regulations were not complete prior to the enactment of Act 8680, which supersedes it.



The U.S. Virgin Islands provides economic incentives to U.S. operators that conduct cannabis business in the Virgin Islands. Under its Economic Development Commission Tax Program, massive tax cuts are provided to eligible companies relocating to the U.S. Virgin Islands. The tax benefit includes a 90% reduction in corporate income tax and personal income tax.

Of the five U.S. territories, the Virgin Islands and Northern Mariana Islands are the only two that have legalized adult-use and medical-use cannabis. Northern Mariana Islands passed legalization measures in 2018, and the first dispensary opened in 2021.

Puerto Rico legalized cannabis for medical purposes in 2017, with its Department of Health tasked with regulating the medical market and issuing licenses. Adult-use cannabis remains illegal in Puerto Rico. In the other two U.S. territories, Guam and American Samoa, adult-use and medical-use cannabis remain illegal.

#44: South Dakota (2022 Ranking #39)

South Dakota has made promising steps toward legalizing both medical and recreational marijuana. South Dakota voters recently approved Measure 26 and Amendment A. The former created a medical marijuana program, and the latter would have legalized recreational marijuana for those 21 and older. Despite success on election day, the state's medical program is limited, and recreational use remains illegal due to the constitutionality of Amendment A being overturned.

After the passage of Measure 26, practitioners could begin prescribing up to 3 ounces of marijuana to patients with debilitating medical conditions beginning July 1, 2021. Qualifying debilitating medical conditions include cachexia, severe and debilitating pain, severe nausea, seizures, and severe muscle spasms including multiple sclerosis. Under South Dakota Code Annotated § 34-20G-26, patients can file a petition to the Department of Health to add another condition.

On the recreational side, Amendment A would have legalized the possession, use, transport, and distribution of up to 1 ounce of marijuana for individuals 21 and older. However, the amendment was ultimately prevented from going into effect. Gov. Kristi Noem issued an Executive Order challenging the constitutionality of Amendment A. The challenge succeeded in a South Dakota circuit court, and the decision was appealed to the South Dakota Supreme Court which affirmed the circuit court's decision in November 2021.

Subsequently, South Dakotans for Better Marijuana Laws collected enough signatures to qualify its cannabis legalization-initiated measure, Initiated Measure 27, for the November 8, 2022 ballot. It was rejected by a majority of voters on election day. However, recent polling appears to show increased support for such a measure should it appear again in 2024. In August 2023, the state's Attorney General released a draft summary of an initiative to legalize marijuana that advocates for placement on the 2024 ballot. Even if South Dakota citizens are open to legalizing marijuana, state government officials likely remain a barrier to legalization in the state.



#45: Indiana (2022 Ranking #49)

Indiana does not allow either adult-use or medical cannabis. The state began allowing the use of low tetrahydrocannabinol (THC) cannabis oil when, on February 21, 2017, the House voted unanimously to allow patients suffering from epileptic seizures to buy a non-intoxicating form of cannabis oil that contains 0.3% or less from licensed distributors across the state. In March 2018, Gov. Eric Holcomb signed a bill legalizing the distribution and retail sale of low-THC cannabidiol products. Despite its neighbors to the north and west, Michigan and Illinois respectively, having fully legalized recreational cannabis possession and use, Indiana has no effective medical cannabis law and imposes jail time for simple possession.

In the 2023 Legislative Session, lawmakers in Indiana introduced several bills that would legalize marijuana in the state, an increasingly rare example of a state with no allowances for medical or adult-use cannabis. However, despite majority support for legalization among the state's voters, according to a recent poll, none of the bills passed.

One bill, H.B. 1039, had bipartisan support, with three Republicans and one Democrat as co-sponsors. The bill would have allowed cannabis access for adults 21 and over only after marijuana was no longer considered a federal Schedule I controlled substance. The bill proved timely, as rescheduling appears imminent following the August 2023 news that Biden administration health officials recommended that cannabis be reclassified from Schedule I to Schedule III of the Controlled Substances Act. However, the bill did not find the support necessary to reach Gov. Holcomb's desk.

While change has yet to come, the amount of review time given to cannabis reform at the 2022 and 2023 Sessions has made medical cannabis supporters hopeful.

#46: Tennessee (2022 Ranking #44)

Tennessee does not permit cannabis for adult-use or medical purposes. However, the state does allow CBD that contains no more than 0.9% THC. In 2019, Tennessee passed a strict hemp farming act that allows licensed individuals to produce hemp with a THC concentration no greater than 0.3%. In May of 2023, Tennessee Gov. Bill Lee signed SB 378 into law, which placed regulations such as licensing requirements and a 6% retail tax on hemp-derived cannabinoid products, an already present \$200 million dollar industry in the state. A 2018 poll by the Tennessean revealed that 81% of Tennessee voters support legalization of cannabis to some extent.

On September 27, 2018, the Department of Health issued an advisory to residents about the risks of using cannabis and hemp. The advisory stated there is insufficient evidence to show any forms of cannabis, including hemp, are safe and effective medications. It also stated that cannabis is addictive and that one in 11 adults who use cannabis become addicted. Tennessee's Department of Health also differs from the position taken by many states (such as Illinois) which view cannabis as a strong alternative to opioids.



Tennessee has made little progress in legalizing cannabis for medical or recreational use, but in 2021, it did pass SB 118. This created the Medical Cannabis Commission in preparation of federal rescheduling of cannabis and exempted from the definition of "marijuana" oil containing the substance cannabidiol, with less than 0.9% of THC for use by a person with certain health issues if certain other requirements met. Despite significant public support, there was no progress in the 2022 session as multiple bills introduced to legalize cannabis, decriminalize cannabis, or legalize cannabis for adults were stalled in committee hearings. The Tennessee Medical Cannabis Act, sponsored by Republican state Sen. Janice Bowling, was rejected by the Senate Judiciary Committee in February 2023.

Despite the setbacks, advocates in the state such as the Tennessee Medical Cannabis Alliance have organized in support of legalization through efforts such as educating lawmakers and voters on the benefits of organically grown, highly regulated medical marijuana.

#47: Kansas (2022 Ranking #46)

Kansas is among the states that have not legalized the use of cannabis for adult-use or medical purposes. However, in May 2018 the state passed a law updating its definitions of substances included in schedules I, II, and III of the Uniform Controlled Substances Act, and Kansas's definition of "marijuana" now does not include cannabidiol (CBD). Yet Kansas law still classifies THC as a schedule I substance, so in Kansas, any legal CBD must contain 0% THC. The Farm Bill's passage has yet to affect the prohibition on low levels of THC in CBD products, and national retailers are currently still prohibited from selling such products. Kansas imposes harsh criminal penalties for possession of cannabis or THC, with any amount of possession constituting a class B misdemeanor punishable by up to six months in jail and a fine of up to \$1,000. Accordingly, because some CBD products that are used for medical purposes contain THC, Kansans are limited in types of CBD products they may use.

Democratic Gov. Laura Kelly is a supporter of medical cannabis. Gov. Kelly predicted Kansas is a long way from legalizing adult use because of the composition of the Kansas legislature and the opposition of state law enforcement. In May 2021, H.B. 158, which would conservatively legalize medical cannabis, passed the House, but the Senate did not take action on the bill in 2022 prior to the annual session ending. In March 2022, SB 560, which would regulate the cultivation, processing, distribution, sale, and use of medical cannabis, was introduced, but the Senate did not take action on the bill prior to the annual session ending. A similar bill, SB 135, was introduced in the 2023 legislative session, but the Senate Federal and State Affairs Committee tabled it. Despite legislative opposition, public opinion polling has shown that nearly 67% of voters are in favor of a policy change regarding recreational cannabis.



#48: Wyoming (2022 Ranking #43)

Wyoming has not made adult-use marijuana or medical marijuana legal, and it seems unlikely to do so in the near future, despite 54% of residents supporting legalizing and regulating adult-use cannabis based on a 2020 poll. In 2022, lawmakers considered two proposals that could have changed that: H.B. 106 would have decriminalized small amounts of cannabis for adults, and H.B. 143 would have established a medical cannabis program for patients with serious health conditions in the state. However, neither bill ultimately received a vote. There was also push to place two ballot initiatives in front of voters – the Wyoming Cannabis Act of 2022, reducing penalties for certain marijuana offenses, and the Wyoming Patient Cannabis Act of 2022, legalizing medical marijuana – but the efforts ultimately failed to meet Wyoming's requirement that 15% of signatories reside in two-thirds of counties in the state.

The City of Cheyenne also failed in its own efforts toward legalization in 2023. City Council president Richard Johnson and member Scotty Roybal proposed an amendment to the city code that would have removed local marijuana prohibitions. The ordinance was voted down 6-3.

Wyoming legalized "hemp extract" use for medicinal purposes in 2015 and legalized the farming of "industrial hemp" in 2017. In March 2018, Gov. Mark Gordon legalized the sale of CBD oils and hemp. The licensing fee to produce industrial hemp is \$750.00 annually, and the applicant cannot have a conviction of or history of pleading nolo contendere to a controlled substance felony within the past 10 years. Further, the THC cannot exceed 0.3% on a dry weight basis. Wyo. Stat. Ann. § 11-51-103. A 2019 session law seemingly permits the "possession or use of hemp or hemp products for any purpose or application." Wyo. Stat. Ann. § 35-7-1063.

#49: North Carolina (2022 Ranking #48)

In North Carolina, neither medical marijuana nor recreational marijuana are legal. Historically, the state has been stringent toward marijuana consumption. In June 2022, the North Carolina Senate voted to legalize medical marijuana, but the bill ultimately failed when the state House of Representatives approved a competing bill that would have required the FDA to approve any cannabis products sold in the state.

The Senate passed a similar bill again on March 1, 2023. That new legislative effort to legalize medical marijuana, Senate Bill 3, would allow doctors to prescribe marijuana for 15 different conditions. Senate Bill 3 would also limit the number of producers in the state to 10, and each of those producers would only be permitted eight dispensaries each. While the bill likely has enough votes to pass through the state House of Representatives as well, the Republican majority has refused to bring it up for a vote as most of the caucus remains opposed to the legislation.

North Carolina has legalized CBD, though, and has limited the THC content to .3%.



#50: South Carolina (2022 Ranking #45)

South Carolina has not legalized marijuana for adult or medical use, but it has legalized cannabidiol (CBD) in certain limited situations. Known as Julian's Law, it allows licensed physicians in South Carolina to prescribe CBD oil for patients suffering from certain forms of epilepsy. The CBD oil must contain at least 98% CBD and no more than 0.9% THC. Eligible conditions include Lennox-Gastaut syndrome, Dravet syndrome, or any other form of refractory epilepsy that is not adequately treated by traditional medical therapies. In 2019, South Carolina established the state's Industrial Hemp Program that allows state-licensed parties to cultivate, handle, and process hemp. South Carolina's Department of Agriculture cannot charge licensing fees exceeding \$1,000 annually.

Attempts to legalize medical marijuana have been ongoing since 1980. However, recent legalization efforts have been unsuccessful. In 2022, SB 150, also known as the South Carolina Compassionate Care Act, successfully made it through the Senate although it was tabled in the House on procedural grounds unrelated to its merits. If it had passed, the bill would have allowed patients with qualifying medical conditions to buy, possess, and use cannabis from state-licensed dispensaries.

In 2023, Democrats and Republicans introduced similar bills in the Put Patients First Act and a renewed South Carolina Compassionate Care Act. These bills had multiple Republican sponsors including hard-right conservative Rep. Jay Kilmartin. However, neither bill made it out of committee in 2023. Even if the bills were to make it to the desk of Gov. Henry McMaster, they would likely have to overcome a veto given McMaster's "F" rating in NORML's voter guide. His repeated opposition to medical use and support of criminal penalties for simple marijuana possession likely pose an insurmountable challenge to any sort of legalization in the near future.

#51: Nebraska (2022 Ranking #51)

Nebraska does not allow adult-use or medical use of cannabis. The Nebraska Hemp Farming Act was passed in 2019, which legalized the cultivation and commercial distribution of cannabidiol products tested and approved by the Department of Agriculture. The Nebraska Legislature's Agricultural Committee has introduced LB 263 for the 2023 Legislative Session, in order to align its laws with the 2018 Farm Bill and spur growth in the industrial hemp sector.

In 2021, Sen. Anna Wishart introduced LB 474 to establish a medical cannabis program through the Nebraska state legislature. Ultimately, the bill was two votes short of the amount needed to overcome a filibuster. Sen. Wishart has introduced LB 588 in the current legislative session, which is similar to LB 474. In 2022, state activist group Nebraskans for Medical Marijuana submitted over 180,000 signatures in a push to get two medical cannabis legalization initiatives on the November 2022 ballot, but the office of Secretary of State Bob Evnen determined that neither proposal garnered enough valid signatures. The group has filed another ballot initiative and will need to secure 87,000 voter signatures by July 3, 2024, in order to qualify for the November 2024 ballot.



Nebraska has decriminalized cannabis possession for first-time offenders but retains mandatory minimums that force judges to sentence non-violent offenders according to the minimum rather than the judge's discretion. The public, however, appears ready for medical cannabis, though perhaps not for adult use. While 80% of Nebraskans believe that medical cannabis should be legalized, Gov. Jim Pillen stands against legislation unless there is approval by the Federal Drug Administration.

#52: Idaho (2022 Ranking #50)

Despite bordering four states (Nevada, Oregon, Washington, Montana) that have legalized adult-use cannabis and another state (Utah) that allows medical cannabis, Idaho has not legalized medical cannabis use, nor has it legalized adult use. Idaho's current attempt to legalize medical cannabis is the Idaho Medical Marijuana Act of 2024, a ballot initiative filed to be on the ballot for the 2024 election. The initiative is nearly identical to the ballot initiative attempt in 2022; however, that ballot initiative did not obtain the minimum number of signatures required.

Prior to the 2022 attempt, the Idaho legislature introduced SB 1146 in 2015, which would have legalized cannabidiol use. The bill passed both the Idaho House and Senate. However, then-Gov. Butch Otter vetoed the bill. He stated that while he sympathized with families affected by epilepsy, the bill "asks us to look past the potential misuse and abuse with criminal intent." Despite opposition by state officials, public opinion polling shows strong support for medical marijuana in the Gem State, with 68% of Idahoans believing medical cannabis should be available.

Instead of cannabis legalization, Otter implemented the Expanded Access Program by Executive Order, which provided children with epilepsy access to a pharmaceutical grade CBD, Epidiolex. This drug was approved by the FDA in 2018 and is now legal in limited circumstances. This is possible because under Idaho Code 37-2705(a), CBD can only be legal if it contains zero THC and is derived from one of five identified parts of the cannabis plant. Idaho was the last state to legalize industrial hemp production, with current Gov. Brad Little signing HB 126 at the end of 2021.

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