

Setting the Record Straight: Fact-Checking Claims About California’s Legal Cannabis Industry

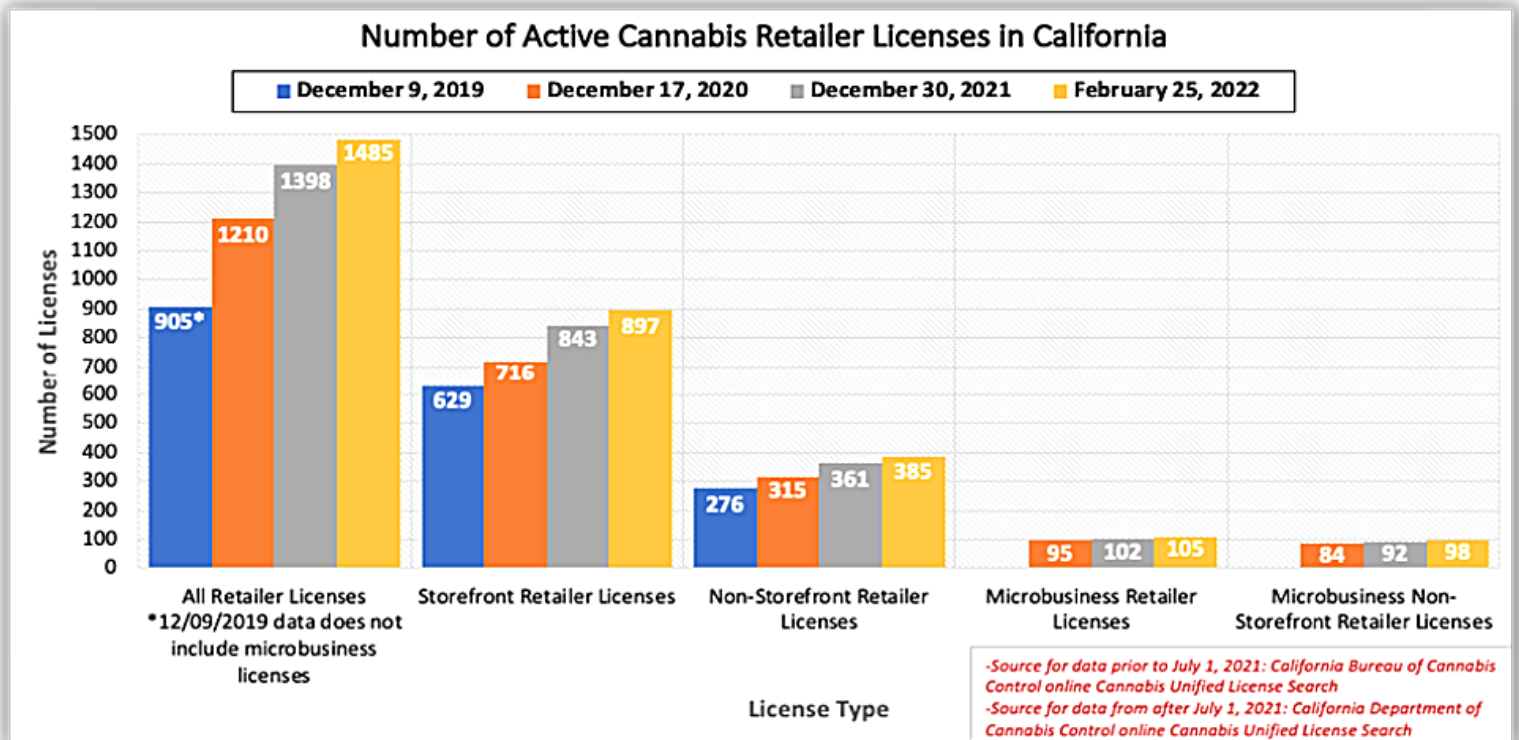


Since late 2021, the California cannabis industry has stepped up its lobbying hard for reduced taxes and regulation. To support that goal, they have disseminated information that does not align with what the Public Health Institute’s (PHI) independent research demonstrates. This fact-check analyzes examples of claims appearing in the press.

PHI’s research on this issue is supported by the National Institutes of Health and the University of California and tracks local laws, cannabis licenses, and market data.

Fiction: “And yet, today, there are fewer licensed retail outlets in the state than there were in 2015;”¹

Fact: The state’s legal cannabis retail infrastructure has been expanding steadily, reaching 1,485 retailers in February 2022.^{2,3}

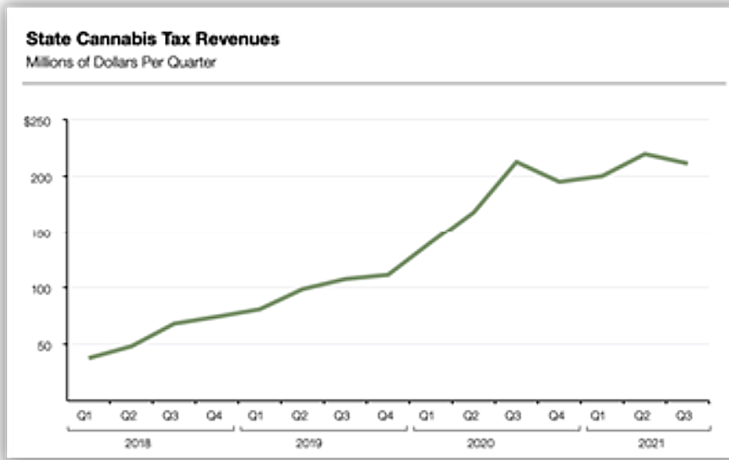


The state did not license retail cannabis outlets in 2015, so there is no accurate data on how many retail cannabis outlets there were in 2015.

Setting the Record Straight: Fact-Checking Claims About California's Legal Cannabis Industry

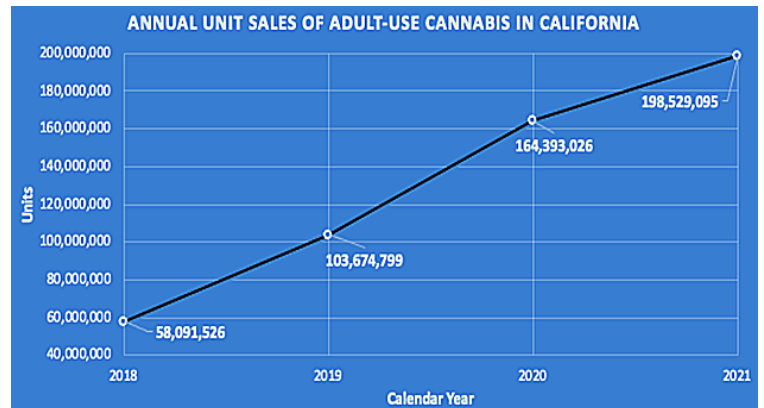
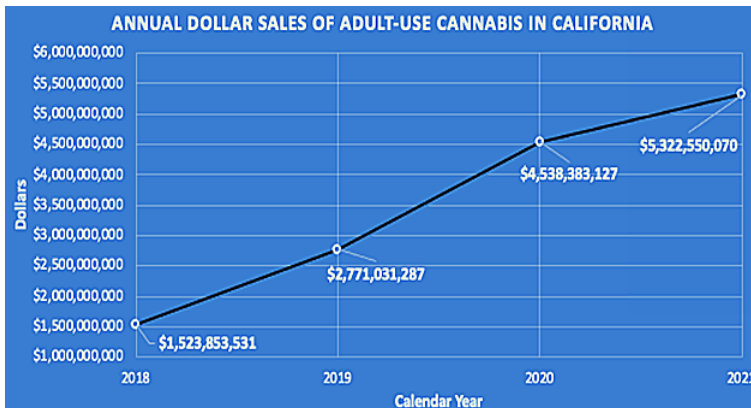
Fiction: "Legal cannabis sales are declining, and an emboldened illicit market is growing."¹

Fact: The legal cannabis market in California is thriving. Dollar sales on the legal market are rising steadily and increased by 249% between implementation of Proposition 64 in 2018 and 2021.^{4, 5}



- Both dollar sales and unit sales of adult-use cannabis steadily increased since the implementation of Proposition 64 in 2018.
- Data from LAO on overall tax revenues and data from cannabis commercial retail market tracking provide consistent results.
- While there is no way to know exactly how large California's illicit cannabis market is, most experts do agree it has been growing despite a growing legal market.
- The California illicit market is driven largely by vast overproduction, much of it for export, which will not be solved reducing taxation or regulation, or failing to protect public health in regulation of the legal market. Increasing in-state consumption is also not a socially desirable solution.

California Legal Cannabis Sales in Dollars and Units 2019-2021⁴



Setting the Record Straight: Fact-Checking Claims About California's Legal Cannabis Industry

Fiction: “Despite popular approval of Prop. 64, only 85 of the state’s 500 municipalities allow retail cannabis sales.”¹

Fact: A total of 281 of California’s 539 cities and counties, or ~52%, allow retail cannabis sales of either at storefronts and/or by delivery, and 60% of California residents reside in these jurisdictions.^{6,7}

- As of 01/01/2021, 173 jurisdictions in California allowed storefront retail sales of cannabis, many of which also allow delivery sales. An additional 108 jurisdictions in California allowed retail sales of cannabis by delivery only.

Fiction: “Today there are a mere 800 or so licensed cannabis retailers in the state. That means California has just two legal dispensaries for every 100,000 residents while other long-established recreational markets (Oregon and Colorado) have 7 to 9 times that many.”¹

Fact: There are now 1,485 licensed retailers in the state for a ratio of 1:26,422 residents, higher if considering only areas which allow legal sale. We recommend that ratio not exceed 1:15,000-20,000 inhabitants.^{3,6,7}

- As of 02/25/2022 there were 897 active licensed storefront cannabis retailers and 385 active licensed non-storefront (delivery) cannabis retailers in California. There were also 105 active microbusiness licenses permitted to conduct storefront cannabis retail sales and 98 active microbusiness licenses permitted to only conduct non-storefront cannabis retail sales in California, for a total of 1,485 retailers.
- Based on the most recent US Census data, California’s population in July 2021 was estimated to be 39,237,836. Divided by 1485 licensed storefront and non-storefront retailers, that is 1 legal cannabis retailer per ~26,422 residents.

References

1. Local Restrictions on Marijuana Dispensaries Fuel Growing Illegal Market, February 21, 2022, Times of San Diego. <https://timesofsandiego.com/opinion/2022/02/21/local-restrictions-on-marijuana-dispensaries-fuel-growing-illegal-market/>.
2. California Bureau of Cannabis Control online Cannabis Unified License Search. <https://online.bcc.ca.gov/bcc/customization/bcc/cap/licenseSearch.aspx>.
3. California Department of Cannabis Control online Cannabis Unified License Search. <https://search.cannabis.ca.gov/>.
4. Headset commercial cannabis market data. <https://www.headset.io/>.
5. Legislative Analyst’s Office. <https://lao.ca.gov/>.
6. Public Health Institute 2021 California Local Cannabis Laws Database. <https://gettingitrightfromthestart.org/custom/map-2021.html>.
7. US Census. https://data.census.gov/cedsci/table?tid=PEPPPOP2021.NST_EST2021_POP&hidePreview=false.