

# BEEHOUSE

## BPLP – Monthly Developments

### January 2022

- Amazon announced its endorsement of Representative Nancy Mace's (R-SC) States Reform Act, which aims to federally legalize, tax and regulate cannabis. The company previously announced support for The MORE Act in 2021. Amazon executives have stated they have no plans to sell cannabis and are instead pushing for reform to remove hiring impediments, which the company has found disproportionately impacts people of color.
- The SAFE Banking Act was attached as an amendment in the America COMPETES Act, a broader bill dealing with research and innovation in the tech and manufacturing sectors. SAFE has cleared the House five times, but subsequently stalled in the Senate.
- At least six US governors have spoken about cannabis in their State of the State speeches, inaugural addresses and budget plans in the start of 2022. Governors from New Jersey, New Mexico, New York, Rhode Island, South Dakota and Virginia noted job creation, economic potential, tax revenue, social equity and potential paths to legalization in their discussions.
- States that have legalized recreational cannabis collectively brought in more than \$10B in tax revenue from cannabis sales since legal sales began in 2014. This does not include taxes from medical cannabis programs.
- Illinois cannabis sales in 2021 were nearly \$1.4B, double the amount sold in 2020. December sales of \$137.9MM set a record for highest monthly sales, beating the previous record set in July 2021 of \$127.8MM. In 2021, in-state residents brought in \$943MM, while out-of-state residents brought in \$436MM.
- Massachusetts' total cannabis sales have eclipsed \$2.5B. For the first time, cannabis excise tax exceeded tax from alcohol with cannabis bringing in \$208MM last fiscal year.
- Colorado's Department of Revenue announced the state hit a record of \$423MM in revenue in 2021 from cannabis sales, beating the previous record of \$387MM set in 2020. The state has now surpassed \$2B in tax and fee revenue and \$12B in cannabis sales since February 2014.
- Michigan hit \$1.3B in recreational cannabis sales in 2021, with December sales increasing 10% sequentially to \$168MM. Recreational sales accounted for \$135MM, up 12% sequentially and 119% year-over-year.
- Arizona cannabis sales reached \$1.23B through November 2021. Recreational sales hit a peak and crossed \$60MM for the first time, finally equaling medical sales in the state.
- Montana's recreational cannabis market kicked off on January 1, 2022 and the state brought in \$1.5MM in sales in the first weekend. The Governor's Office of Budget and Program Planning is projecting \$130MM in sales through 2022.
- New York state expects to bring in more than \$1.25B in revenue from legal cannabis sales over the next six years, according to Governor Hochul's fiscal 2023 spending plan. The first year is relatively low at \$56MM, with \$40MM coming from licensing fees. However, at maturity, the state expects to bring in ~\$363MM in fiscal 2028
- New York's Cannabis Control Board announced that recreational cannabis regulations will likely be released in late winter or early spring. Upon issuance, there will be a public comment period for 60 days before businesses can apply for licenses.
- Arkansas sold \$265MM worth of medical cannabis in 2021, according to the state's Department of Finance and Administration. This compares to \$175MM of medical cannabis sold in 2020. There are currently 79,476 active patients in the program.
- New York's Office of Cannabis Management announced that medical cannabis patients are no longer required to be diagnosed with one of the limited number of ailments to become a patient. Going forward, practitioners can certify any patient that the practitioner believes would benefit from medical cannabis.

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- ⬠ New York Governor Hochul announced a \$200MM public-private fund to help promote the state's social equity cannabis market. Included in her 2022 State of the State policies and objectives is promoting equity and economic justice in the cannabis industry.
- ⬠ Connecticut's Social Equity Council approved the final step before the state can open cannabis license applications, which are now scheduled to open in early February. The Department of Consumer Protection said it will initially issue licenses for 12 retailers, 4 micro-cultivators, 10 delivery services, 4 hybrid retailers, 10 food and beverage, 6 product packagers, 6 product manufacturers and 4 transporters.
- ⬠ In a study published in the *Journal of Nature Products*, researchers from Oregon State University found that cannabinoids prevented the COVID-19 virus from penetrating healthy human cells. The cannabinoids bound to spike proteins found on the virus, effectively blocking a step in the virus' infection of cells.