THE DENVER

COLLABORATIVE APPROACH

LEADING THE WAY IN MUNICIPAL MARIJUANA MANAGEMENT

20**21**





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I. INTRODUCTION

MARIJUANA IN THE MILE HIGH CITY

The first retail sales of recreational marijuana in the United States began in Denver on Jan. 1, 2014. Under Mayor Michael B. Hancock, Denver created a collaborative model of marijuana management and emerged as a global leader in marijuana regulation. Denver has embraced a management model that is quick, responsive and nimble because the industry is developing and innovating quickly, and the laws are changing and evolving at an equally rapid pace.

Medical marijuana has been legal in Colorado since 2000, when voters approved Amendment 20. In November 2012, the voters of Colorado approved Amendment 64, which legalized retail marijuana. Since the passage of these amendments, the City and County of Denver has adopted ordinances to regulate, license and tax both medical and retail marijuana. In 2021, the Denver City Council passed the biggest overhaul of city marijuana rules and regulations since initial legalization. The legislation authorized delivery, expanded types of hospitality establishments, and provided licensing exclusivity for most types of marijuana licenses for social equity applicants to achieve the goal of more equitable access to the industry.

TIMELINE OF MARIJUANA SALES & MANAGEMENT IN COLORADO

(00)

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07

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12

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18

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(20)

21

Colorado voters approve Amendment 20, allowing the use of medical marijuana. Voter Results: Colorado 54%-46%; Denver 64%-36%

2007 -

2000

Denver voters approve an initiated ordinance making the enforcement of marijuana laws against private use and possession by adults the city's "lowest law enforcement priority." *Voter Results: Denver 57%-43%*

2012 -

Colorado voters approve Amendment 64, decriminalizing adult possession of up to 1 ounce of marijuana and establishing a regulated and licensed commercial marijuana distribution system.

Voter Results: Colorado 55%-45%; Denver 66%-34%

> 2014 ⊢ Retail sales of marijuana begin in Denver.

2017 **—**

Adopted rules governing Marijuana Designated Consumption Areas.

2019

Denver Creates the Cannabis Equity and Social Justice project with "Turn Over a new Leaf" to clear low-level marijuana convictions.

2021 j

Denver City Council approved an overhaul of city marijuana rules and regulations by authorizing marijuana hospitality establishments and marijuana delivery and reserving most marijuana license types for social equity applicants as defined by Colorado state law.

2005

Denver voters approve an initiated ordinance to allow possession of up to 1 oz. of marijuana. (The initiative did not affect state law.)

Voter Results: Denver 54%-46%

2010

Led by City Council, Denver adopts the Medical Marijuana Code, an ordinance for the regulation and licensing of medical marijuana businesses.

2013

Led by City Council, Denver adopted the Retail Marijuana Code, an ordinance for regulation and licensing of retail marijuana businesses. Denver voters approve a floating special sales tax on retail marijuana, originally set at 3.5%.

2016

Denver voters approve Initiative 300, an ordinance that allows for the social use of marijuana in designated consumption areas. *Voter Results: Denver* 54%-46%

2018

The first licensed Marijuana Consumption Establishment opens in Denver.

2020

Denver released the first ever first Cannabis Business and Opportunity Study to determine the current demographics of the marijuana industry and barriers preventing a more equitable marketplace.

WHERE ARE WE NOW?

As legalization spreads across the United States, Denver remains squarely in focus. More than ever, the city is looked at to provide guidance on how it effectively implemented and continues to manage the first-of-its-kind sales and commercialization of voter-approved retail marijuana.

Through a far-reaching, collaborative approach, Denver's Office of Marijuana Policy, housed in Denver's Department of Excise and Licenses, supports and coordinates the work of dozens of city employees. The city's dedicated team of experts manage a complex and ever-changing regulatory and licensing process. This work includes legislation to create, improve and clarify ordinances, management of education and health initiatives, social equity, coordination of enforcement efforts, and allocation of enough resources – all in concert with the industry and the community.

In 2020, Denver marked the seventh year of retail sales of marijuana and the seventh year of the Office of Marijuana Policy's operation. Industry growth continues with more than 1,100 business licenses operating out of nearly 500 locations.

More recently, Denver has developed a multi-pronged approach to remove barriers and implement changes so there is more equitable access to Denver's marijuana industry and Denver can achieve the full promise of legalization.

Denver continues its collaborative approach to marijuana management, remaining nimble and flexible to keep pace with the sustained growth of sales and innovation in the marijuana industry, while remaining in constant communication with the industry and residents to ensure balance among many competing interests.

II. INDUSTRY

DENVER'S MARIJUANA INDUSTRY

The City of Denver actively coordinates with its departments and agencies, business owners, residents, neighborhood groups and industry representatives to ensure that it has a robust and effective regulatory system for the city's marijuana industry.

There are fifteen types of marijuana business licenses or permits issued by the City of Denver as of January 1, 2021:

- Medical/Retail Marijuana Store
- Medical/Retail Marijuana Cultivation Facility
- Medical/Retail Marijuana Products Manufacturer (MIP)
- Medical/Retail Marijuana Testing Facility
- Medical/Retail Marijuana Transporter
- Medical/Retail Marijuana Off-premises Storage
- Cannabis Consumption Establishment/Special Event
- Marijuana Research and Development Facility

NUMBER OF ACTIVELY LICENSED MARIJUANA BUSINESSES IN JANUARY, FROM 2014 TO 2021:

É∰ PERIOD	凸 Medical licenses	E RETAIL LICENSES	ل UNIQUE
January 2014	731	270	455
January 2015	621	301	414
January 2016	657	392	454
January 2017	682	429	481
January 2018	671	478	492
January 2019	621	479	475
January 2020	474	474	452
January 2021	441	476	440

* The decrease from 2014 to 2015 happened in part because medical marijuana businesses that did not obtain both state and city licenses by July 1, 2014 were required to cease operations.

* The decrease in medical marijuana licenses between 2019 and 2020 was the result of state rule changes which consolidated commonly owned licenses to one medical cultivation license per location.

NUMBER OF ACTIVE LICENSES BY TYPE OVER TIME:

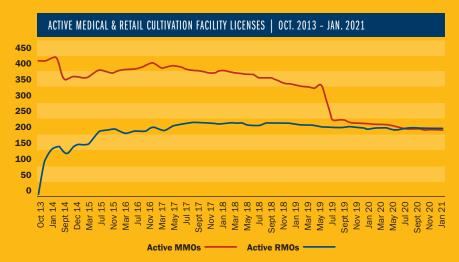
Active Medical Center (MMC) licenses were down -7%, from 167 in January 2020 to 155 in January 2021.

Active Retail Store (RMS) licenses decreased by 1%, from 170 in January 2020 to 169 in January 2021.



Medical Marijuana Cultivation (MMO) licenses declined -8% from the prior year, down to 196 in January 2021 from 214 in January 2020.

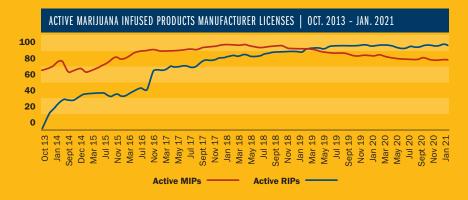
Retail Marijuana Cultivation (RMO) licenses increased 1% from 2020, going from 199 in January 2020 to 201 in January 2021.



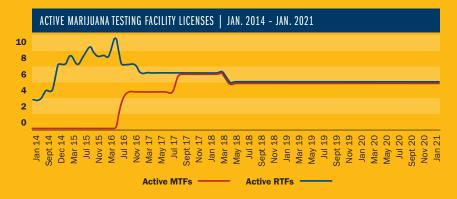
* The sharper decrease in medical licenses between May and July 2019 were the result of state changes which consolidated commonly owned licenses to one medical cultivation license per location.

Medical Marijuana Products Manufacturer (MIP) licenses declined -5%, going from 84 in January 2020 to 80 as of January 2021.

Retail Marijuana Products Manufacturer (RIP) licenses increased 1% over the prior year, going from 96 in January 2020 to 97 in January 2021.

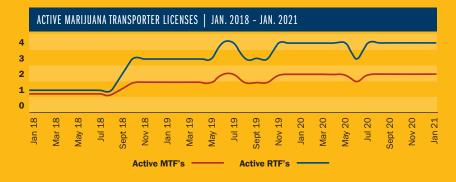


Medical Marijuana Testing Facility (MTF) and Retail Marijuana Testing Facility (RTF) licenses were unchanged from 5 in January 2020 to 5 in January 2021.

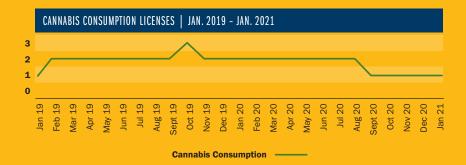


Medical Marijuana Transporter (MTF) licenses remained unchanged, at 4 in both January 2020 and January 2021

Retail Marijuana Transporter (RTF) licenses remained unchanged, at 4 in both January 2020 and January 2021



Denver had a single active Cannabis Consumption license in January 2021, which was down from 2 in January 2020.



III. TAX, SALES AND REVENUE

HOW IS MARIJUANA TAXED IN DENVER?

Medical marijuana is subject to standard state and local sales taxes:

Denver Standard Sales Tax*:	4.81%
State Standard Sales Tax:	2.90%
Other local taxes: (Regional Transportation District and Scientific and Cultural Facilities District)	1.10%
Medical Marijuana Sales Tax:	8.81 %

In November 2013, Denver voters approved adding a special sales tax on retail marijuana that could vary from 3.5 to 15.0%. The tax is in addition to standard sales tax and all other applicable state taxes. Since 7/1/17, retail marijuana is exempt from the state standard sales tax, but is subject to both state and local special sales taxes:

Retail Marijuana Sales Tax:	26.41 %
Other local taxes: (Regional Transportation District and Scientific and Cultural Facilities District)	1.10%
State Special Sales Tax on Retail Marijuana:	15.0%
Denver Special Sales Tax on Retail Marijuana**:	5.50%
Denver Standard Sales Tax*:	4.81%

Prior to 7/1/17, 15% of the State Special Sales Tax was shared with local jurisdictions. Since 7/1/17, 10% of the State Special Sales Tax has been shared with local jurisdictions.

- * Within the 4.81% Standard Sales Tax for Denver, there are several dedicated uses. This includes .15% for the Denver Preschool Fund, .25% for Parks, .25% for Mental Health, .08% for College Affordability, .08% for Healthy Food Access, .25% for Climate and .25% for Homelessness. The remaining 3.5% goes in the City General Fund.
- **The Denver Special Sales Tax can increase from 3.5 to 15% when authorized by City Council. In October 2018, there was an increase on the special sales tax from 3.5 to 5.5% to contribute funds towards the city's affordable housing project.

MARIJUANA SALES

Denver: Retail Marijuana sales in Denver in 2020 increased 18% year over year from 2019. Medical Marijuana sales in Denver in 2020 increased 31% year over year from 2019 sales.

Colorado: Retail Marijuana Sales in Colorado in 2020 increased by 25% from 2019 to 2020. Medical Marijuana Sales for the State of Colorado in 2020 increased 31% from 2019 sales.

Note: Values for Colorado & Denver marijuana sales published in previous reports have since updated with current Treasury data.

DENVER	2014	2015	2016	2017	2018	2019	2020
RETAIL SALES	\$149.7M	\$219.3M	\$291.5M	\$377.5M	\$392.5M	\$434.9M	\$514.4M
MEDICAL SALES	\$180.1M	\$191.4M	\$212M	\$206.4M	\$155.5M	\$153.6M	\$200.5M
TOTAL	\$329.8M	\$410.7M	\$503.5M	\$584M	\$548M	\$588.5M	\$714.9M
TOTAL YOY% CHANGE	-	25%	23%	16%	-6%	7%	21%
COLORADO	2014	2015	2016	2017	2018	2019	2020
RETAIL SALES	\$303.2M	\$577.5M	\$861.6M	\$1.1B	\$1.2B	\$1.4B	\$1.7B
MEDICAL SALES	\$380.3M	\$418.1M	\$445.6M	\$416.5M	\$332.2M	\$338.5M	\$442.5M
TOTAL	\$683.5M	\$995.6M	\$1.3B	\$1.5B	\$1.5B	\$1.7B	\$2.2B
TOTAL YOY% CHANGE	_	46%	31%	15%	3%	13%	25%

HOW MUCH OF COLORADO'S TOTAL MARIJUANA SALES OCCUR IN DENVER?

During 2020, just under 33% of Colorado's total marijuana sales occurred in the City and County of Denver. Between 2014 – 2020, the proportion of marijuana sales that occurred in Denver out of all Colorado marijuana sales has fallen by 16%, going from 48.3% to 32.6%.

This downward trend, which has been consistent since the implementation of retail marijuana sales beginning in 2014, indicates that marijuana sales growth outside of the City and County of Denver has been growing more quickly than marijuana sales growth within the city.



HOW MUCH REVENUE IS GENERATED IN DENVER FROM MARIJUANA?

Marijuana is helping to pay for the resources the city must put toward the robust regulation and enforcement involved with the responsible implementation of legalized marijuana.

However, it's important to understand that marijuana revenue constituted of about 5.5% of the city's general fund revenue in 2020.

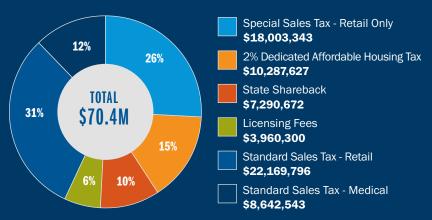


* 2021 revenue projections are based on previous year actuals and other revenue forecasting tools available in the Fall of 2020 during the development of the 2021 budget. 2021 projections will be updated for the 2022 budget process based on more recent revenue information.

* "Shareback": The State of Colorado contributes a portion of its 15% special sales tax on retail marijuana back to the City of Denver and other local Colorado jurisdictions with retail marijuana sales

Overall, 2020 Revenue from Marijuana in Denver increased 17%, compared to 2019.

- State Shareback revenue increased 10% in 2020
- Licensing Fees revenue decreased 3%, in 2020
- Medical Sales Tax revenue increased 31% in 2020
- Retail Sales Tax revenue increased 18% in 2020
- Retail Special Tax revenue increased 18% in 2020



MARIJUANA REVENUE SOURCES FOR 2020

Through the special sales tax revenue and state shareback funds, the city has funded marijuana regulation, enforcement, and education.

- These funds go into the city's general fund and are allocated toward Denver's immediate needs to responsibly regulate the marijuana industry, enforce the law, and educate the public about marijuana with a focus on youth.
- The licensing fees and retail standard sales tax collected go into the city's general fund to pay for city services, as is the case with medical marijuana taxes collected.
- In October 2018, the special sales tax for retail marijuana was increased by 2%, from 3.5% to 5.5%. This additional 2% is dedicated to affordable housing programs and is projected to generate \$9.6 million in 2021.

IV. BUDGET

WHAT DOES THE CITY DO WITH THAT REVENUE?

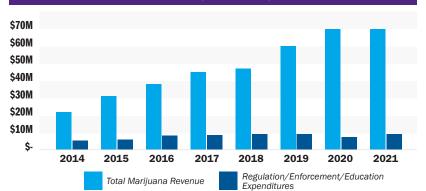
All of Denver's marijuana-related revenue goes to the city's general fund to pay for city services. The city first allocates the special retail sales tax and state shareback to fund the key areas of:

- Regulation
- Education
- Enforcement

Of the projected \$23.8 million that can be appropriated for marijuanaspecific spending in 2021, the city has budgeted \$8.8 million in expenditures across city departments and agencies for regulation, enforcement, and education efforts.

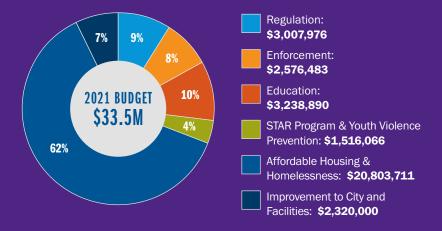
Additionally, in 2021, \$24.6 million from marijuana-related revenue was appropriated to add investments for affordable housing and homelessness services, youth violence prevention, STAR program pilot implementation, leases and other one-time equipment costs.

Finally, the standard sales tax received from retail and medical marijuana and the revenue from marijuana licensing fees (\$34.8 million in 2020) is treated the same as the city's other sales tax revenue sources (such as clothing and other goods) in that it goes into the general fund and is spread across the city for a variety of general operating needs (libraries, parks, recreation programs, street maintenance, auditors, attorneys, etc.).

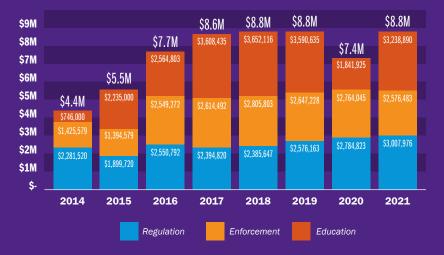


GENERAL FUND REVENUE AFTER REGULATION, ENFORCEMENT, EDUCATION

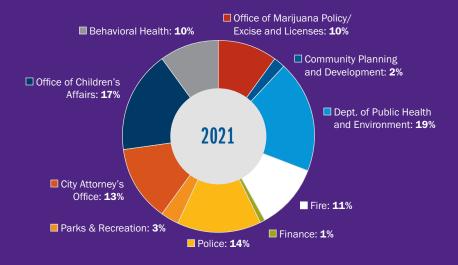
2020 RETAIL MARIJUANA SPECIAL SALES TAX AND STATE SHAREBACK ALLOCATION



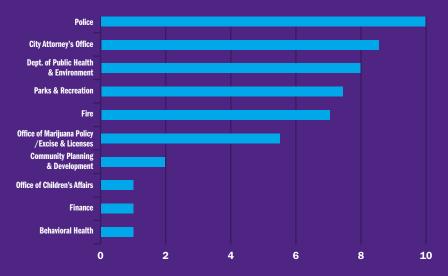
REGULATION, ENFORCEMENT, AND EDUCATION EXPENDITURES:



DISTRIBUTION OF MARIJUANA REGULATION, ENFORCEMENT, AND EDUCATION COSTS BY DEPARTMENT:



2021 BUDGETED MARIJUANA-RELATED FTES



V. ACCOMPLISHMENTS

MARIJUANA EQUITY AND SOCIAL JUSTICE

EQUITY THROUGH MARIJUANA TAX REVENUE.

All our work in Denver is done through a race and social justice lens, and the budgeting of cannabis tax dollars is no different. The Office of Marijuana Policy has made it a priority to ensure the equitable distribution of marijuana revenue, and from 2014 to 2020 we were able to:

- Dedicate a portion of marijuana taxes that helped Denver double the affordable housing fund from \$15 million to \$30 million annually to fund development and preservation of affordable housing, programs and services that support housing opportunity, housing stability and homelessness resolution.
- **\$10.3 million** of the funds dedicated to affordable housing in 2020 are from Denver's special recreational marijuana tax.
- The City has dedicated more than **\$11 million** from Denver's special sales tax on recreational marijuana to fund **free after-school and summer programs for youth**, with a focus on underserved communities. This education funding also includes support for diversion programs, with a focus on high-need areas in Denver.
- Marijuana tax dollars are helping to upgrade parks and recreation centers in Denver, including the opening of Denver's first truly urban style recreation center called the Carla Madison Recreation Center in 2018. Funding for this recreation center included \$3.2 million from marijuana tax proceeds.

Other than committing marijuana tax dollars, through our multipronged approach to cannabis equity, we intend to:

- Decrease barriers to entry in the industry by exploring financial, technical, and business support and provide social equity applicants licensing exclusivity for most licenses for the next six years and the exclusive ability to conduct deliveries for the next three years.
- Criminal justice restitution, through our Turn Over a New Leaf Program.

LICENSING, OWNERSHIP AND WORKFORCE DEVELOPMENT

For decades, the war on drugs has significantly impacted our communities, with disproportionately harmful impacts on communities of color. The effects of prohibition and its consequences can negatively affect many aspects of a person's life, including employment, education, economic earning potential, qualification for government benefits and programs, and immigration status proceedings.

The challenge of today's post-legalized world is also our opportunity: the legalization of adult-use cannabis presents a chance to learn from the past and to create accountable mechanisms to achieve **shared prosperity**. We must now work together to foster more equitable access to participation in the cannabis industry, including promotion of ownership and stable employment opportunities.

To inform the development of the social equity program, in 2020 Excise and Licenses staff convened five public meetings of the Marijuana Licensing Work Group, hosted six public stakeholder feedback sessions on the draft ordinances, and participated in more than a dozen external events focused on cannabis social equity. Between the passage of the ordinances in April 2021 and the publication of this report, Excise and Licenses staff held two public information sessions on the social equity program, held one virtual networking session for social equity applicants, and participated in four external events focused on cannabis social equity. Staff also meets with stakeholders individually upon request.

TURN OVER A NEW LEAF MARIJUANA EXPUNGEMENT PROGRAM AND CLINICS

Turn Over a New Leaf is a program where Denverites can apply to vacate and seal low-level marijuana criminal convictions that happened in Denver before legalization. To date, we have received **583 applications**, which have resulted in **94 convictions being identified** as eligible for the program.

THE DENVER COLLABORATIVE APPROACH IN ACTION

Governments across the U.S. and the world are tackling – or are preparing for – the new and evolving challenges that come with the regulation of legalized marijuana. On the leading edge of this challenge, Denver is committed to ensuring that its regulations address both current and future issues.

Change continues in Denver and Colorado at a rapid pace, and the collaborative approach enables the city to respond quickly and effectively to address issues as they arise.

Denver partners with city agencies, departments, institutional stakeholders and the community to develop sensible policies which balance the needs of industry, consumers, families and neighborhoods and preserve Denver's quality of life, public health and safety.

Under the leadership of Mayor Hancock, the city has adopted a collaborative model to manage marijuana, which includes multiple agencies working together to preserve, protect and enhance Denver's excellent **quality of life**. This work is grounded in the city's priorities of marijuana management, including **robust regulation**, **strict enforcement**, **effective education**, and **equitable access to the industry**.

PUBLIC EDUCATION & COMMUNICATION

Youth Prevention & Education

Denver once again committed millions of retail marijuana sales tax dollars to be distributed to youth-serving organizations by the city's Offices of Children's Affairs and Behavioral Health.

→ MORE THAN ← \$18 MILLION of marijuana revenue from 2014-2020 has been granted to these important programs to protect and educate our youth.

The "Healthy Lifestyles for Youth" funds administered by Children's Affairs support quality afterschool and summer programs in over 30 organizations serving approximately 5,000 youth with the number of youth served reduced in 2020 due to the COVID-19 pandemic.

- The funds leverage existing best practices and processes to enhance quality programs and promote pro-social activities to youth living in an environment with legalized marijuana.
- The funds utilize youth development programs as a place for early education and as a first step to preventing marijuana use.
- To help youth build the skills they need to make positive, healthy lifestyle choices, existing programs already using effective positive youth development and social-emotional learning strategies were provided additional funding to expand or enhance services.
- With that money, we were also able to create a Marijuana Curriculum designed to teach youth the different facts about marijuana and underage use. The curriculum is available at after school programs serving middle school students.

The Diversion Accountability and Behavioral Health funds administered by the Office of Behavioral Health Strategies provided seven programs with funds for intervention, treatment, education and other alternatives for approximately 6,541 youth and young adults who have violated a city or state law or school code in 2019 and or 2020. **The funds help:**

- Create alternative consequences for unlawful marijuana use or possession;
- Prevent further involvement of youth and young adults in the justice system;
- Improve outcomes for youth through coordinated services;
- Reduce and address the potential harm of substance use; and
- Promote sharing of best practices and other networking opportunities for youth serving professionals.

IN DECEMBER 2017, THE CITY AND COUNTY OF DENVER LAUNCHED THE **HIGH COSTS CAMPAIGN** FOR YOUTH AGES 12-18

to educate Denver youth about marijuana so they can make an informed decision not to use underage. The campaign is focused on providing facts and encouraging peer to peer conversation.



WWW.THEHIGHCOSTS.COM

- To date, the High Costs campaign has garnered over 256 million media impressions, or views, including a feature on CBS This Morning. A recent survey showed that 81 percent of teens aware of the High Costs campaign said that its messaging discouraged them from using marijuana.
- The campaign can be found online at TheHighCosts.com.

INFORMATION & OUTREACH

- Continued collaboration with the State of Colorado's education campaigns and continued to serve on the state's Marijuana Education Oversight Committee.
- Updated Denvergov.org/MarijuanaInfo website
 - Made various "Know the Law" updates and created a hub for all state and local laws and regulations.
- Although many gatherings and meetings became virtual in 2020, city representatives continued to participate in as many virtual community meetings and events as possible, including:
 - Registered Neighborhood Organization meetings
 - City Council district gatherings
 - Inter-Neighborhood Cooperation committee meetings
 - Other community meetings

COLLABORATION & COMMUNICATION

- Participated in Mayor Hancock's quarterly Cabinet in the Community.
- Continued to present updates to external groups upon request.
- Continued to host information briefings for other jurisdictions, states and countries requesting information on how Denver regulates marijuana.
- Met with neighborhood groups, youth advocacy organizations, social equity advocacy organizations, nonprofits and other entities requesting information about marijuana.
- Created the diverse Marijuana Licensing Workgroup and hosted five virtual, public meetings of the work group to solicit feedback on how Denver can offer more equitable access to the industry and posted all meetings online for the highest level of transparency.

INDUSTRY OUTREACH

- Continued to educate the industry through regular Marijuana Informational Bulletins on new and changing regulations.
- Met with individual licensees upon request.
- Held special meetings, as needed, on educational topics or for input on policies, procedures and regulations.
- Held monthly meetings with the executive director of the Marijuana Industry Group.
- Continued the Permitting Assistance Team to help businesses navigate social consumption rules and regulations.
- Provided process navigation to marijuana licensees through our Cannabis Process Navigator.

CUSTOMER SERVICE

- The city continues to develop and publish marijuana informational dashboards that live on the Denver Marijuana Information website.
- Analyzed 311 inquiries to identify frequently asked questions and provide answers.
- Continued to permit customers to schedule appointments for marijuana licensing transactions.
- Provided prompt and thorough responses to inquiries submitted to marijuanainfo@denvergov.org.

RESOURCE ANALYSIS, EFFICIENCY & ECONOMIC IMPACT

- Continued to ensure that marijuana funds are allocated effectively to different city departments.
- Participated in an Indirect Cost Analysis to identify and quantify the indirect costs of marijuana regulation and enforcement incurred throughout the city.
- Continued to obtain feedback from internal agencies regarding operational efficiencies, effectiveness of policies, and the quality of the decision-making model.

THE LEADER IN CONSUMER HEALTH & SAFETY PROTECTION

DENVER DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT (DDPHE)

Public Health Investigations - Cannabis Health & Safety Protection

For the first quarter of 2020, DDPHE continued to address consumer safety issues with a focus on mold contamination, ingredients lacking safety information used in smoking and vaping products, and underregulated hemp-derived cannabidiol (CBD) ingestible products sold for therapeutic or wellness purposes. 2020 brought new challenges and a re-prioritization of workforce efforts due to the SARS-CoV-2 global pandemic.

Without federal public health regulations and guidelines for marijuana products, the city stands in the gap, protecting consumer health and safety for its residents and visitors. For the majority of 2020, DDPHE relied on partnerships with the Colorado Department of Public Health and Environment (CDPHE) and the Marijuana Enforcement Division (MED) to continue this meaningful work.

As DDPHE's cannabis team continued to coordinate with other local public health and state agencies, as well as cannabis industry partners, our work in 2020 to identify potentially harmful products included:

• 5 contamination investigations before shifting resources to COVID response

- DDPHE has conducted 43 recalls to date in the cannabis program since 2014 due to mold and/or pesticide contamination, unapproved source issues, or shelf stability concerns.
- DDPHE also continues to identify best practices and provide educational opportunities for cannabis industry operators.

DDPHE's cannabis team completed a baseline assessment in the second half of 2019 testing samples of marijuana for molds and pesticides from 25 random dispensaries. Early in 2020, DDPHE continued to take a measured approach to emerging cannabis industry issues with help from subject matter experts on our Cannabis Health & Safety Advisory Committee. This committee helped with the development of the baseline assessment and provided subject matter expertise to DDPHE's cannabis team as results were analyzed. Due to the ongoing SARS-CoV-2 pandemic, DDPHE has not yet published results from the baseline assessment. Continuance of the baseline assessment with a goal to publish finding and results is projected for late 2021.

Any comments or questions about this assessment can be emailed to **phicomments@denvergov.org**.

VI. ENFORCEMENT

PATROLLING THE BOUNDARIES OF LAW

Since the legalization of recreational marijuana in 2012, the illegal production and sale of marijuana has continued in Denver. In the first few years, the city experienced a large increase in illicit market marijuana. Through increased enforcement and collaboration between all city agencies, the City of Denver was able to mitigate many of the issues leading to the increase in illicit market marijuana. The Denver Police Department remains committed to enforcing all state and local laws pertaining to the illegal production and sale of marijuana.

WHAT DOES THE ILLICIT MARKET LOOK LIKE?

The market for Denver marijuana is very lucrative and extends across the United States. The market takes many forms:

- Internet sales (Craigslist, Facebook groups, etc.)
- Mid-level trading: Continuous market of people purchasing \$5,000-\$10,000 of Colorado marijuana and transporting/shipping it out of state for resale.
- Large criminal organizations

The city has intensified its focus on those who refuse to play by the new rules with increased education and enforcement.

ILLEGAL MARIJUANA PROCESSED BY THE DENVER POLICE DEPARTMENT (DPD) CRIME LAB:



TOTAL MARIJUANA OFFENSES

1. TOTAL MARIJUANA OFFENSES

- **Definition:** Reported offenses to the Denver Police Department that, upon review, have a clear connection or relation to marijuana. Please contact the Denver Police Department if you have questions about the data reported in this section.
- Total marijuana offenses accounts for less than 1 percent of overall reported offenses in Denver.

YEAR	MARIJUANA CULTIVATION	MARIJUANA POSSESSION	MARIJUANA DISTRIBUTION	INDUSTRY RELATED CRIME*
2014	19	356	65	175
2015	25	272	60	185
2016	43	189	67	210
2017	52	145	87	139
2018	59	142	71	200
2019	32	77	39	213
2020	20	41	40	183

YEAR	OTHER NON-INDUSTRY RELATED CRIME	TOTAL MARIJUANA OFFENSES	TOTAL CITYWIDE OFFENSES
2014	107	788	61,276
2015	81	696	64,317
2016	64	636	65,368
2017	62	548	66,354
2018	24	588	66,023
2019	25	483	65,470
2020	88	435	73,322

The offenses listed in the table above exclude public consumption of marijuana, marijuana prohibited in parks and marijuana on the 16th Street Mall.

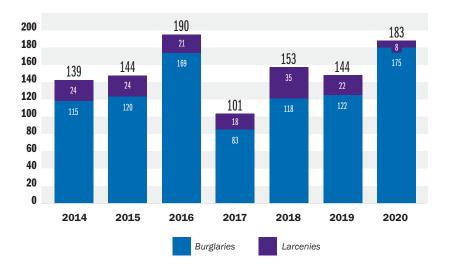
- * Industry Related Crime entails reported criminal offenses where marijuana businesses were either the victim or the perpetrator of a crime. Approximately 77% of these crimes were burglaries or larcenies that occurred at licensed marijuana businesses.
- ** Other Non-Industry Related Crime entails reported criminal offenses that are not direct violations of marijuana law and do not have a clear connection to a licensed business, yet marijuana is believed to be the motive for the crime. For example, if someone is growing four marijuana plants in their garage for personal use, and someone breaks into the garage to steal the marijuana plants, that would be considered other non-industry related crime.

2. MARIJUANA INDUSTRY RELATED OFFENSES

Definition: The subset of Marijuana Related Offenses where licensed marijuana businesses were either the victim or the perpetrator of a crime. Marijuana Industry Related Offenses represents less than ½ of 1 percent of overall crime in Denver.

- **2014:** 139 (0.22%)
- **2015:** 144 (0.22%)
- **2016:** 190 (0.29%)
- **2017:** 101 (0.15%)
- 2018: 153 (0.23%)
- **2019:** 144 (0.22%)
- **2020:** 183 (0.25%)

In 2020, burglary or attempted burglary accounted for 96% of Marijuana Industry Related Offenses. Larceny (theft) accounted for another 4% of all Marijuana Industry Related Offenses.



MARIJUANA INDUSTRY RELATED OFFENSES

Violent offenses related to the licensed marijuana industry are rare, with 7 reported in 2013, 8 reported in 2014, 8 reported in 2015, 3 reported in 2016, 6 reported in 2017, 7 reported in 2018, 22 reported in 2019, and 22 reported in 2020.

- Note: Violent offenses includes homicide, rape, robbery, and aggravated assault.
- There were 22 violent offenses related to the marijuana industry in 2019, or one violent offense related to the marijuana industry for every 170 violent offenses overall.
- There were 22 violent offenses related to the marijuana industry in 2020, or one violent offense related to the marijuana industry for every 194 violent offenses overall.
- Marijuana businesses make up less than 1% of all businesses in Denver but account for 8.6% of all reported business burglaries in 2020.

3. ARRESTS

Definition: City and County of Denver arrest data include citations and bookings for violations of marijuana laws in State of Colorado statute and/or City of Denver municipal code. There may be multiple arrests/ citations per reported incident. A citation is a ticket to appear in court and an arrest is when a person is placed in custody.

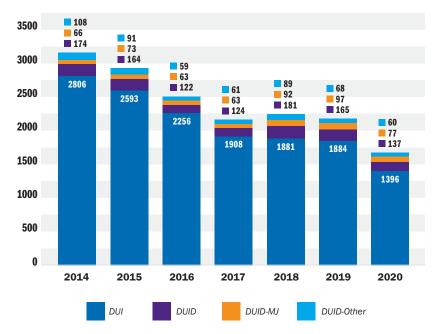
DPD ARRESTS / CITATIONS FOR MARIJUANA VIOLATIONS

VIOLATION DESCRIPTION	2019	2020	CHANGE	% CHANGE
UNLAWFUL EXTRACTION OF MARIJUANA CONCENTRATE	4	5	1	20.00%
UNLAWFUL DISTRIBUTION OF MARIJUANA	88	94	6	6.38%
UNLAWFUL CULTIVATION OF MARIJUANA	81	65	-16	-24.62%
UNLAWFUL POSSESSION OF MARIJUANA	287	164	-123	-75.00%
UNLAWFUL PUBLIC DISPLAY / CONSUMPTION OF MARIJUANA	156	33	-123	-372.73%
MARIJUANA PROHIBITED IN PARKS	41	6	-35	-583.33%
MARIJUANA BUSINESS LICENSE VIOLATIONS	32	11	-5	-250.00%
GRAND TOTAL	716	369	-347	-94.04%
TOTAL NUMBER OF ARRESTEES PER INCIDENT	551	265	-286	-107.92%

IMPAIRED DRIVING ARRESTS

Impaired driving creates a serious public safety hazard. Over the years, overall impaired driving arrests have been on the decline in Denver. This change can be attributed to several factors, including public education campaigns and the rising popularity of ride sharing services.

Marijuana-related DUID (driving under the influence of drugs) arrests have remained fairly consistent over the years, yet they remain a small portion of overall impaired driving arrests. It is important to note that the low volume of marijuana DUID arrests shown here is not indicative of the true frequency of impaired driving, but rather it reflects the difficulties of confirming marijuana-related impairment.



DRIVING OFFENSES



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