



THE VOICE OF THE CANNABIS INDUSTRY

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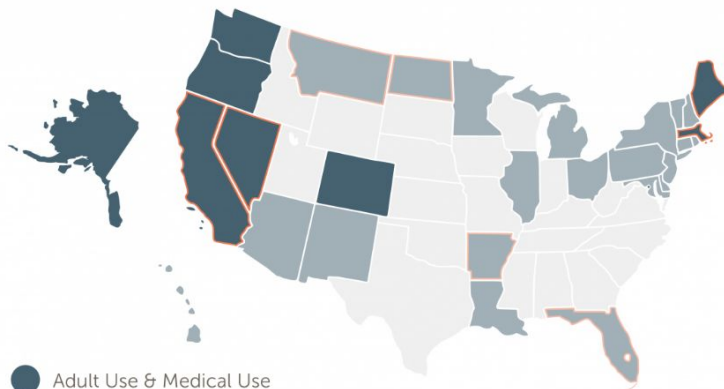
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ELECTION 2016



- A total of nine states voted on cannabis ballot initiatives in November 2016
 - Arizona, California, Maine, Massachusetts, and Nevada voted on adult-use cannabis
 - Arkansas, Florida, Montana, and North Dakota voted on medical cannabis
- More than **16 million** voters cast votes in favor of regulated cannabis programs
- In six of the nine states that had cannabis on the ballot, the initiative garnered **more** votes than Donald Trump
- More than 20% of Americans now live in a state with **adult-use cannabis**

CANNABIS LEGALIZATION NOVEMBER 9



● Adult Use & Medical Use

● Medical Use

○ New Legislation

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CALIFORNIA



- **Proposition 64: The Adult Use of Marijuana Act - PASSED**
 - **Yes:** 55.8%
 - **No:** 44.2%
 - *Regulatory Highlights:* Legalizes possession and consumption of marijuana for adults (21+); Enacts sales and special taxes; Prevents licenses for large-scale corporate businesses for five years; Establishes packaging, labeling, and marketing standards; Authorizes resentencing or clearance of prior cannabis convictions
 - *Estimated Tax Revenues:* **\$1.4B** in first year of full operation (2018 expected)
 - *Estimated Total Market Size (Medical & Adult-Use):* **\$6.6B** by 2020
 - *Notes:* California's current medical marijuana market is estimated at **\$2.7B**.
- There are 53 representatives from California
 - About 15 have voted no on amendments favorable to cannabis issues
- California has a new senator, Kamala Harris, who is the state's former attorney general
 - She has expressed support for rescheduling and decriminalization
- Sen. Dianne Feinstein has been very unsupportive of our issues, even actively opposing them

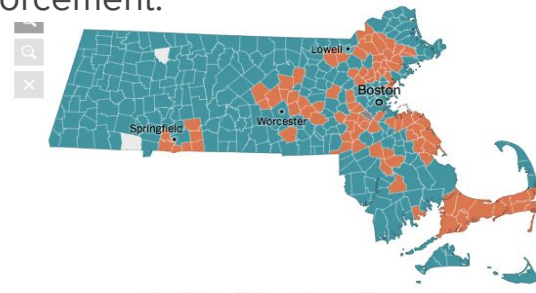


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MASSACHUSETTS



- **Question 4: The Campaign to Regulate Marijuana Like Alcohol - PASSED**
 - **Yes:** 53.6%
 - **No:** 46.4%
 - *Regulatory Highlights:* Legalizes possession and consumption of marijuana for adults (21+); Enacts excise taxes in addition to standard sales tax; Creates a Cannabis Control Commission to oversee licensing and regulations.
 - *Estimated Tax & Licensing Revenues:* **\$100M** annually
 - *Estimated Total Market Size (Medical & Adult-Use):* **\$1.1B** by 2020
- This initiative is unique because it requires the new regulating agency to adopt procedures and policies to promote and encourage full participation in the marijuana industry by people from communities that have previously been disproportionately harmed by marijuana prohibition and enforcement.
- Three of the nine representatives from Massachusetts have voted negatively on cannabis issues in the last session
- Sen. Elizabeth Warren has written a letter to HHS encouraging them to lift research restrictions on cannabis

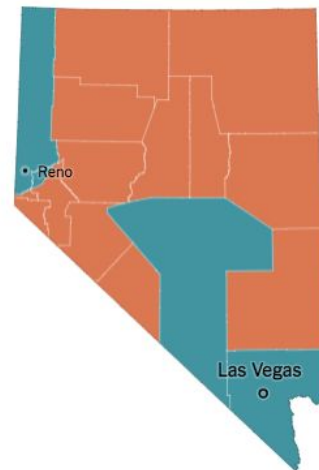


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NEVADA



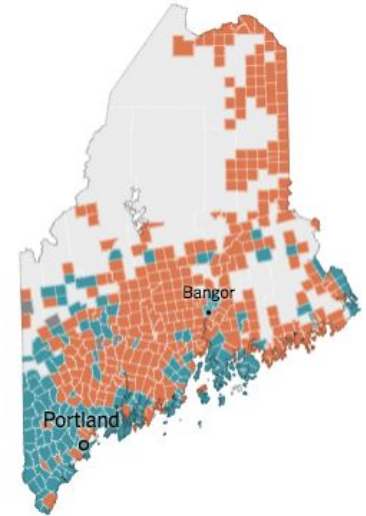
- **Question 2: The Campaign to Regulate Marijuana Like Alcohol- PASSED**
 - **Yes:** 54.5%
 - **No:** 45.5%
 - *Regulatory Highlights:* Legalizes possession and consumption of marijuana for adults (21+); Enacts special sales tax, with first \$30M earmarked for school construction; Caps the number of cannabis stores and cultivators until 2019 and 2022, respectively
 - *Estimated Tax & Licensing Revenues:* **\$60M** annually
 - *Estimated Adult-Use Sales:* **\$393M** by 2018
- Two of the four House representatives from Nevada have voted negatively on cannabis
- Sen. Dean Heller (R) has been supportive on cannabis issues
- We are monitoring newly-elected Sen. Catherine Cortez Masto (D) to assess her position



MAINE



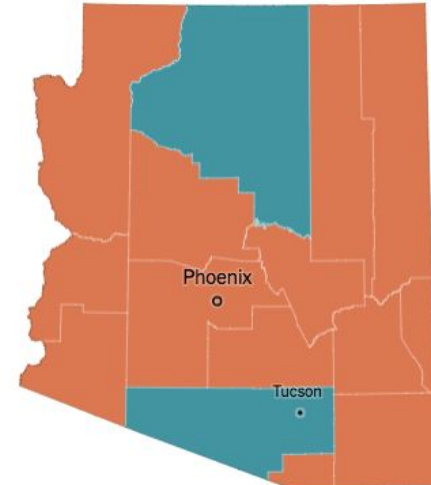
- **Question 1: The Campaign to Regulate Marijuana Like Alcohol- PASSED**
 - **Yes:** 50.2%
 - **No:** 49.8%
 - *Regulatory Highlights:* Legalizes possession and consumption of marijuana for adults (21+); Enacts sales and excise taxes earmarked for K-12 education; Designates Department of Taxation to oversee licensing and regulations
 - *Estimated Total Market Size (Medical & Adult-Use) \$294M* by 2020
- Maine only has two representatives in the House, who are both supportive on our issues
- Sen. Susan Collins was **not** supportive of a banking amendment that came to the Appropriations Committee last year
 - Amendment applied to *all* cannabis businesses, not just medical



ARIZONA



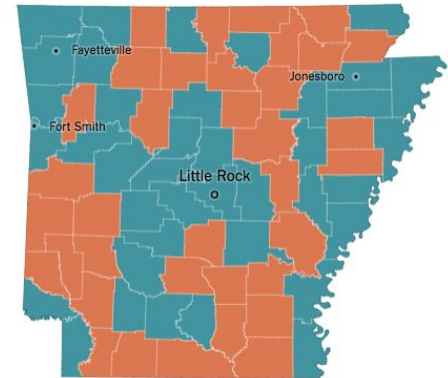
- **Proposition 205: The Campaign to Regulate Marijuana Like Alcohol - FAILED**
 - This initiative was the only one in the nine states voting on cannabis programs that **failed**
 - **Yes:** 47.8%
 - **No:** 52.2%
 - *Regulatory Highlights:* Would have legalized possession and consumption of marijuana for adults (21+); Enact special taxes earmarked for education and health care; Create Department of Marijuana Licenses and Control to regulate all aspects of market
 - *Estimated Tax Revenues:* **\$123M** annually
 - *Estimated Adult-Use Sales:* **\$496M** by 2020
- Four out of the nine current representatives from Arizona have voted negatively on amendments favorable to cannabis issues in the past session



ARKANSAS



- **Issue 6: Arkansas Medical Marijuana Act - PASSED**
 - **Yes:** 53.2%
 - **No:** 46.8%
 - There were two competing initiatives on the 2016 ballot: the **Arkansas Medical Cannabis Act (AMCA)** and **Arkansas Medical Marijuana Amendment of 2016 (AMMA)**, known as **Issue 7** and **Issue 6**, respectively
 - On Oct. 27, the Arkansas Supreme Court disqualified one of the initiatives, citing issues related to signature-gathering. While Issue 7 still appeared on the ballot, the votes were not counted.
 - *Regulatory Highlights:* Sets a cap on the fee required to acquire a dispensary or cultivation license, but no limit on the cost for patient card fees; Establishes a Medical Marijuana Commission; Dictates that the state's Department of Health must set rules for patient cards and medical conditions that qualify a patient for medical marijuana use
- All four Arkansas representatives have voted negatively on cannabis amendments and both Sens. Cotton and Boozman have been opponents as well



LEADER
For Against

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FLORIDA



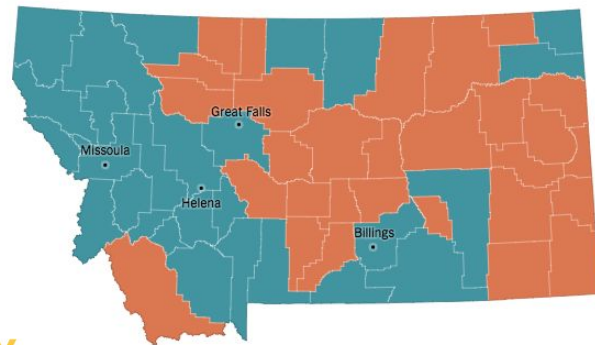
- **Amendment 2: The Florida Right to Medical Marijuana Initiative - PASSED**
 - **Yes:** 71.3%
 - **No:** 28.7%
 - *Regulatory Highlights:* Allows medical use of cannabis for individuals with debilitating medical conditions as determined by a licensed Florida physician; Allows caregivers to assist patients' use of medical cannabis; Designates Department of Health to oversee.
 - Florida voted on medical cannabis in 2014 but failed to garner the required 60% needed to become a constitutional amendment
- Of Florida's 27 representatives in the House, 18 of them have voted negatively on cannabis amendments in the last session
- Sen. Bill Nelson has stated previously that he believes cannabis has medicinal value.
- Florida Sen. Marco Rubio, however, has stated that federal law should be enforced regarding cannabis
 - Rubio defeated Patrick Murphy and retained his Senate seat



MONTANA



- **Initiative 182: Montana Medical Marijuana Act - PASSED**
 - **Yes:** 57.6%
 - **No:** 42.4%
 - Montana voted to amend their current dysfunctional medical cannabis program that was basically been regulated out of existence, making changes to allow for medical marijuana access to be restored.
 - Allows providers to hire employees to cultivate, dispense, and transport medical cannabis; Repeals the limit of three patients for each licensed provider; Repeals the requirement that physicians who provide certifications for 25 or more patients annually be referred to the Board of Medical Examiners.
- There is only one representative in the House from Montana, Rep. Ryan Zinke, and he has voted in favor of every pro-cannabis amendment favorable to cannabis issues **except** McClintock-Polis
- Sen. Steve Daines (R) has expressed support for the cannabis issue



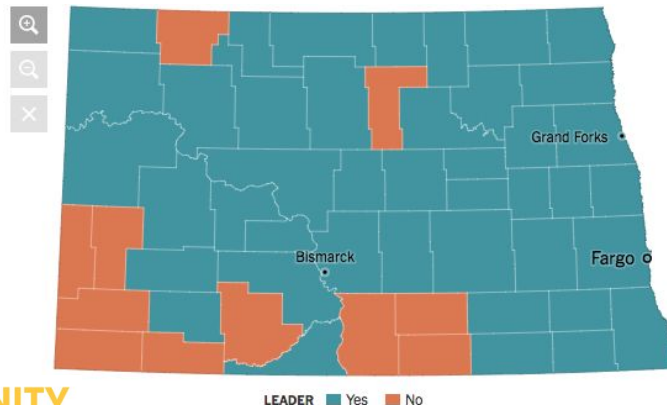
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LEADER ■ Yes ■ No

NORTH DAKOTA



- **Initiated Statutory Measure 5: North Dakota Compassionate Care Act - PASSED**
 - **Yes:** 63.7%
 - **No:** 36.3%
 - Creates a state-regulated medical marijuana program for patients with specific debilitating conditions and written certifications from their doctors; Creates procedures for monitoring, inventorying, dispensing, and cultivation and growing of cannabis to be regulated and enforced by the Department of Health; Requires the Department of Health to submit an annual report to the legislature regarding program statistics; Authorizes an excise tax of no more than 20%
- North Dakota only has one representative, Rep. Kevin Cramer, and he has voted yes on the majority of our cannabis related amendments.
- Unclear where Sens. Heitkamp and Hoeven stand



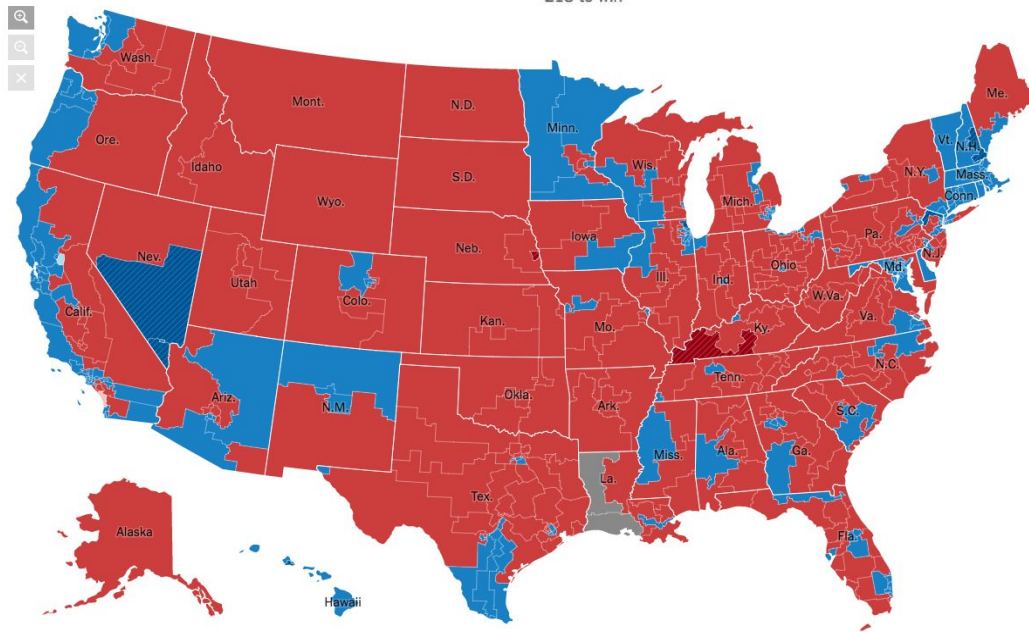
HOUSE OF REPRESENTATIVES



193 Democrats

✓ **Republicans 239**

218 to win



Net gain of five House seats for Democrats, with 3 races still uncalled

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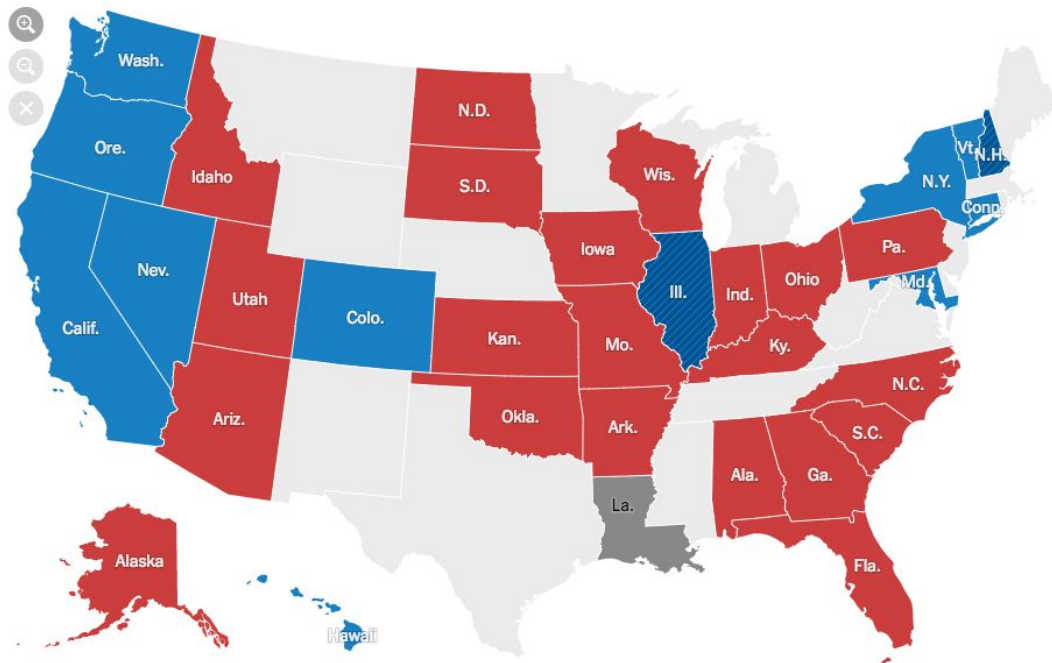
SENATE

48 Democrats

36 Democrats not up for election
Gained 2 seats

✓ **Republicans 51**

30 Republicans not up for election
Lost 2 seats



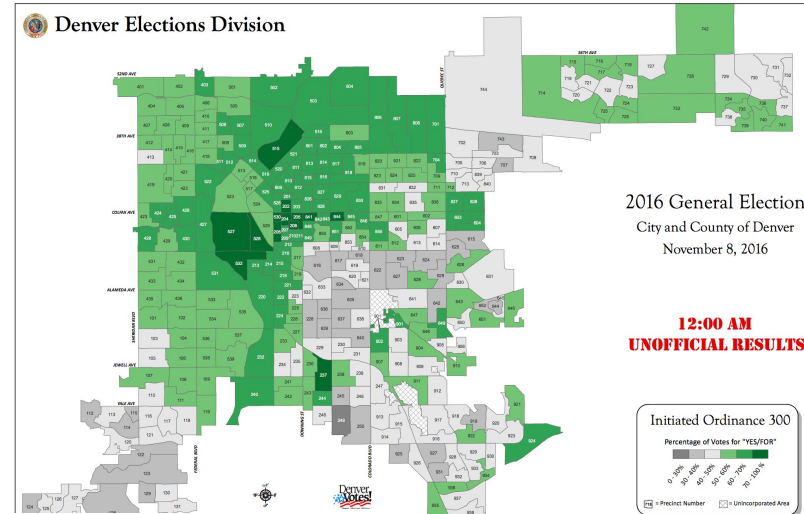
Net gain of two
Senate seats for
Democrats, with
one race still
uncalled

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DENVER SOCIAL-USE CAMPAIGN



- **Initiative 300: Denver Public Marijuana Use in Designated Areas Initiative- PASSED**
 - **Yes:** 53.4%
 - **No:** 46.5%
 - Would allow the City and County of Denver to permit a business or person with evidence of support of an eligible neighborhood association to allow the consumption of cannabis in designated consumption areas. Patrons will be required to bring their own cannabis.
 - Initiative 300 is a four year pilot program
 - Would allow associations or districts to set forth conditions of the consumption area
 - Denver Department of Excise and Licenses is now charged with developing rules and regulations for that permitting system
- New regulations starting January 1, 2017, state that establishments that hold liquor licenses can **not** allow the consumption of cannabis on their premises



DONALD TRUMP



In his own words:

- “In terms of marijuana and legalization, I think that should be a state issue, state-by-state... Marijuana is such a big thing. **I think medical should happen** — right? Don’t we agree? I think so. And then I really believe we **should leave it up to the states.**” - *Washington Post*, October 2015
- “I do want to see what the medical effects are. I have to see what the medical effects are and, by the way -- **medical marijuana, medical? I'm in favor of it a hundred percent.** But what you are talking about, perhaps not.” - Interview with Bill O'Reilly, February 2016
- “I’d say [regulating marijuana] is bad. Medical marijuana is another thing, but I think it’s bad and I feel strongly about that. [Moderator: “What about the states’ right aspect of it?”] **If they vote for it, they vote for it...** But I think, medical marijuana, 100%.” - CSPAN, June 2015
- “We’re losing badly the War on Drugs. **You have to legalize drugs to win that war.** You have to take the profit away from these drug czars.” - *Miami Herald*, April 1990

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DONALD TRUMP



9News (Denver), August 2015: *Chris Christie was one of the first sort of establishment guys to really jump in with both feet for you. He gets talked about as a possible [Attorney General] pick, but he was also the only presidential candidate who was campaigning saying he would use federal authority to shut down sales of recreational marijuana in states like Colorado.*

TRUMP: Yeah, I wouldn't do it, no.

9News: *You wouldn't let him?*

TRUMP: No.

9News: *Even if you picked him as AG?*

TRUMP: Well you're asking me. I wouldn't do that, no.

9News: *You think Colorado should be able to do what it's doing.*

TRUMP: I think it's up to the states, yeah. I'm a states person. I think it should be up to the states, absolutely.

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