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Management of The Possible Consequences of Marijuana Legalization

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Introduction
This article describes the management of legalized marijuana with an emphasis on the impact of recreational use on individuals, some practices applied to economic functioning, and the continued growth of related industries to demonstrate its potential continually good for the economy.

Institution Research on Marijuana Consumption
Illegal marijuana consumption is a challenge that adversely affects the effective reputation of marijuana legalization. The study uses target groups in states like Colorado to offer relevant data showing the prevalence of illegal marijuana consumption. For instance, an analysis of in-state applications to regions like Colorado State University shows that 8,419 and 9,289 applicants engaged in the learning institution from 2010 to 2014 recorded consuming marijuana in illegal practices. Analysis of the applicants from the institution from 2010 to 2013 combined with out-of-state applications rose from 6,385 to 9,021 before falling to 8,248 in 2014 (Schwabe et al., 2019). Similarly, with the growth of the black market, marijuana consumption trends show that in-state applications for medicinal and recreational marijuana cards fell from 8,117 to 7,191 from 2010 to 2011, followed by a rise to 7,923 by 2014. More notably, throughout that same time, analysis of marijuana consumption in a state like Colorado showed that applications from non-resident applications continued to progress to at least 20929.

The analysis highlights that, during the past few years, more non-resident students have continued to commit and receive admission to marijuana-legalized states like Colorado State University and the University of Colorado Boulder (Schwabe et al., 2019). Although the reason for such changes might remain focused on educational purposes, marijuana users from outside Colorado continue to show increased interest in attending Colorado's public schools. In such cases, marijuana usage among college students may continue to increase, especially concerning a significant shift in the student body rather than a shift in attitudes among Colorado residents. However, such analysis can remain effective, especially for residents in regions with jurisdictions, to assist in implementing stricter marijuana regulations and constrained access. Such examinations demonstrate that marijuana legalization might still prove controversial, especially considering the increasing consumption rates among young people. Such increasing admissions to universities in regions like Colorado highlight that states with already-legalized policies and principles also need to engage suitable and advanced restrictions to match the growing black market in the sector.

The studies and estimates above suggest that legalizing marijuana for recreational use may have various effects. As marijuana becomes more socially acceptable, affordable, accessible, and viewed as less hazardous, the pattern of rising use is expected to continue. When marijuana is permitted for recreational use, more teenagers say they intend to try it (Patrick et al., 2020). Still, this tendency does not apply to places where medical marijuana is lawful. Although price reductions would make marijuana more affordable for young adults, that effect might be lessened by the 28 percent tax on recreational marijuana (Patrick et al., 2020). Additionally, new ways to consume marijuana products could attract teenagers to experiment with them, keep using them, or start using them more often.

Lastly, an influx witnessed through marijuana users, particularly among university students, may increase use because more peers are using marijuana. However, preventative intervention programs, particularly those aimed at high-risk groups, may reduce the effects of increased use. Intervention functions are probably an excellent preventative measure because increases associated with adolescent use of marijuana are a common cause for concern (Monfort, 2018). The precise impact of legalization, especially on the target group of adolescent marijuana users, is difficult to predict because of many factors.

The Relationship Between Alcohol Prohibition and its effects and analysis compared to Marijuana Consumption
The analysis also uses historical incidents to examine drug consumption's social, political, and financial impacts in the States, especially concerning alcohol, to highlight similarities of such effects on the marijuana industry. Analysis shows that the U.S. banned alcohol consumption between 1920 and 1933 (Hall & Lynskey, 2020). The policy strived to ensure that alcohol production, importation, transportation, and sale were outlawed statewide by the U.S. Constitution's eighteenth amendment, which got approved and proposed as an integral part of prohibition. Support for such prohibitions remained gained from prominent supporters, including social progressives and rural Protestants.

Research shows that the implementation of the prohibition movement arose from an ever-increasing drinking culture influenced by the increased immigration of people from Europe. Furthermore, a large percentage of the population seconded the prohibition as a rehabilitative function suitable for advancing the focus on economic growth and development in the region. According to Hall & Lynskey (2020), based on increased support from local support focused on introducing a change in the region's culture, alcohol prohibition policies effectively reduced alcohol consumption in the U.S. in the 1920s, despite the dramatic decrease in consumption during the period. Similarly, the engagement of prohibition policies associated with marijuana consumption during the period strived to advance the focus on economic prosperity. Even though the policy remained intact till the Nineties, the integration of the legalization of medicinal marijuana highlighted a diverse perspective of prohibition and marijuana legalization. Analysis of the social, economic, and induvial effects of marijuana legalization with continuing access to research shows that the practice continues to demonstrate advancements rather than regression.

As such, the evaluation shows that implementing prohibition policies for marijuana in today's world calls for analyzing multi-dimensional factors influencing such decisions.

For instance, the 21st amendment ratified and repealed the 18th amendment by highlighting the evident and underlying influencing factors associated with alcohol prohibition. The policy change helps the study to demonstrate the actual effects and the unfavorable outcomes of the alcohol and marijuana prohibition. For example, based on the analysis done by PBS, the initial economic repercussions of prohibition remained generally negative. Thousands of job positions got lost due to breweries, distilleries, and saloons collapsing. Thousands more employment in the allied industries of barrel making, truck driving, waiting, and other related trades remained also lost. Based on the closure of saloons and liquor stores, prohibition also affected theaters and restaurants and increased rent in cities and towns. Prohibition also resulted in a loss of tax revenue for the states and the federal government (Hall & Lynskey, 2020). Similarly, marijuana consumption is a significant source of employment and economic growth, especially for medicinal and recreational practices. Integrating prohibitory policies associated with the sector signifies increased effects on the economy, employment, and the individual with medical needs.

Analysis from the Cato Institute also condemns the integration of prohibitory practices associated with drug consumption by noting that the alcohol prohibition led to a surge in crime and the growth of hazardous and organized illegal drug consumption habits. The Cato Institute first argues that prohibition contributes to eliminating a significant source of tax money that significantly raises government spending and taxation. According to research, due to the prohibition, many drinkers turned to dangerous substances they would not have otherwise used, such as opium, marijuana, cocaine, patent medicines, and other drugs. Even though the prohibition act served the economy in suitable ways, other factors like the Great Depression severely damaged the economy by causing numerous business failures, widespread unemployment, and a decline in tax revenue. Furthermore, the government's attempts to revive the American economy and create jobs represented a more significant factor in the repeal of prohibition than the fact that it was ineffective in solving the underlying challenges of alcohol consumption.

However, research done by resources like the American Economic Review and the economy associated with prohibition through recent studies shows that the alcoholic beverage sector continues to establish itself as one of the most lucrative industries in the nation. Based on data gathered from the Distilled Spirits Council of the United States, the distilled spirits industry represents an integral part of the economy, with a revenue of over $400 billion each year. Such analysis helps to highlight an underlying trend concerning implementing drug prohibition, even in marijuana. Like alcohol consumption, marijuana use continues to highlight consumption, even though illegal functions and settings exist. However, analyzing the economic and social impact of marijuana legalization show that by 2021, revenue from legal marijuana will top $33 billion (Fischer et al., 2021).

Furthermore, Fischer et al. (2021) advanced analysis show that the trend is set to affect the economy positively. Moreover, marijuana legalization assists states in taxing upwards of 50% of the collected revenue to advance public resources for functions like developing and funding public schools and the general maintenance and growth of the economy. Such functions highlight that implementing prohibitory functions associated with marijuana use has increased adverse economic effects compared to the positive effects marijuana legalization continues to offer the United States. Even though no policies exist associated with simultaneously forbidding and permitting the legalization of marijuana use for medicinal and recreational purposes, analysis of the expansion of the alcohol business in the Twenties seems to support the idea that legalizing marijuana would have a comparable economic effect (Harris & Martin, 2019). Analysis of future expectations and functions associated with the impact of legalization of marijuana using the perspective of alcohol prohibition is also crucial to consider in demonstrating the industry's future expectations, goals, challenges, and opportunities.

Micro-Management of Marijuana Legalization

Most jurisdictions have strict laws controlling commercial production and sales, including ratios that licensees must follow when testing products, keeping track of seed-to-sale information, and other small print. However, rather than insisting that licensees conform to a prescriptive formula created by persons with no experience running licensed marijuana corporations, regulators should be more concerned with how closely licensees follow regulation objectives. For instance, the new mandate for regulators that was provided by California's recreational marijuana statute offers this necessary flexibility and room for experimentation. The Business and Professions Code of the state is referred to in the law, and it is required that the adopted regulations required to achieve statutory while using current research and analysis of the concept (Cashore, 2019). The concept suggests that legislative objectives not explicitly stated in regulatory rules may remain contested. The clause forbids regulators from unnecessarily hindering licensees from coming up with alternate ways to meet statutory requirements. Businesses and consumers can profit from the innovation if licensees can create new business models or technologies to achieve those goals at a cheaper cost. The report suggests that all states adopt comparable rules.

Criminal Reforms

Each jurisdiction should reevaluate the status of earlier marijuana-related convictions after decriminalizing and (particularly) legalizing cannabis. People with prior criminal convictions may have trouble finding and keeping a job, enrolling in school, and doing other useful things. This difficulty may result in further criminal activity and recidivism in the worst circumstances. Policymakers must thus consider reducing these constraints by expunging earlier convictions for no longer illegal conduct. Berman & Kreit (2020) note that expunctions may be compounded by instances combining multiple crimes, such as a marijuana conviction and associated offenses involving guns, fraud, or racketeering. Because the offender consented to a plea deal that swapped a less serious marijuana charge for a more serious one, some prior convictions might also be misleading.

States have adopted various strategies to address these challenges. For instance, California automatically dismisses all minor possession and sale accusations while allowing human reviewing processes associated with more serious crimes. Massachusetts permits a complete expungement related to all prior convictions for minor drug possession like other states. On the other hand, Oregon instructed its courts to reexamine any marijuana-related convictions as if the underlying incidents took place after legalization and lower any earlier offenses that would now be legal to Class C misdemeanors (Makin et al., 2019). Manual evaluations involve much labor, meaning they can use many public resources. These trade-offs must be taken into account by policymakers when they debate their cleanup strategy. Unless there are grave and immediate hazards to the public's safety, we advise using the highest level of automation and showing the most respect to the accused.

Fiscal Management: Taxes

Some legislators believe that legalizing will financially benefit state and local budgets since it could impose special excise fees. However, high tax rates ultimately result in higher consumer costs on the legal market, which keeps the black market lively. The lack of the ability to deduct regular business expenses results in licensed marijuana businesses being punished on federal income taxes, which policymakers must acknowledge. Licensed marijuana enterprises already have to pay all usual company and sales taxes within their jurisdiction (Miller & Seo, 2018). Indeed, marijuana businesses' federal taxes only allow them to write off the direct costs of acquiring or producing inventory. Thus, federal corporate income taxes associated with marijuana legalization remain calculated based on gross margin instead of net income.

The legal marijuana industry is uncompetitive due to influencing factors associated with complex systems used to levy taxes at retail and wholesale levels. However, additional excise taxes on marijuana may be necessary for some circumstances. According to Carlier et al. (2020), a legalization campaign also needs not to relinquish market share, especially those associated with the black market, based on the high costs of the legal market, despite analysis through any policymaker's intention for more tax income; doing so would be detrimental to both public revenues and safety. In reality, California lawmakers have openly acknowledged that high tax rates have harmed legal businesses and caused a significant decline in state income due to consumers turning to black market vendors. California recently filed legislation to cut the retail excise tax and postpone the wholesale marijuana tax for three years to advance the legal sector.

The states that have started a recreational market have relatively different tax rates. Colorado imposes a 15% excise tax on wholesale purchases and a 15% sales tax on retail purchases. Marijuana is subject to a unique statewide sales tax in Oregon and Washington at rates of 17% and 37%, respectively (Miller & Seo, 2018). California levies a retail excise tax of 15% and a wholesale tax of $9.25 per ounce of marijuana flower. In Alaska, marijuana flower is only subject to a $50 per ounce wholesale tax. To start a recreational market, legislators in Massachusetts and Nevada agreed to enact additional taxes on top of those specified in the voter-approved initiatives. The Nevada legislature imposed the 10% retail excise tax to the 15% excise tax approved by voters, while Massachusetts raised its taxation to 10.75& from 3.75%.

Furthermore, the challenges associated with enforcing and calculating any taxes through the wholesale level should be considered by policymakers. For instance, once a licensee gets vertically integrated, it can bill its marijuana dispense produced from a production facility run by the same people to avoid paying taxes. Licensees who are not vertically integrated won't have this choice. States like Colorado and Nevada estimate a price they believe is a fair market value associated with marijuana to avoid this deception. Following that, the weight of the marijuana moved in wholesale transactions is taxed at the suitable market value per measurement (Hansen et al., 2020). The method burdens regulatory agencies administratively and raises the tax rates on lesser marijuana strains that some users might otherwise appreciate, like those with lower levels of the intoxicating ingredient tetrahydrocannabinol (THC).

For such reasons, the study strongly advises going against wholesale marijuana taxes and implores policymakers to concentrate entirely on retail taxation. For instance, Washington modified its marijuana tax policy in July 2015 after learning the essence of retail taxation by decreasing rates, going from a single retail tax of 37% to a 25% tax at each step of production like cultivation, dispensary, and manufacturing (Hansen et al., 2020). States should also consider how much local policies and governments can impose additional taxes like excise taxes. Hansen et al. (2020) note that states must either completely reserve engaged taxing authorities through local government policies and structures or restrict their capacity to charge marijuana taxes combined with policies imposed throughout the state levels. Local taxes can also soon cooperate and collaborate with state taxes to place legal marijuana as a competitor, especially concerning increased competition from the black-market marijuana industry. For instance, Nevada limits the local government's ability to impose a wholesale tax on cultivation to 3% of total receipts. In California, levying new taxes needs voter approval to engage in conversation concerning regulatory feeds. Engaging suitable policies lie regulatory fees need to remain reasonably correlated to the cost of regulation. Additionally, many states tax the growth or sale of medical marijuana. There is little reason to impose a specific excise tax on these products, given that they are openly acknowledged as medicines required to address patients' medical conditions.

Fiscal Management: Tax Collection

The Federal Banking Secrecy Act's provisions prevent marijuana firms from accessing financial services. As a result, cash is used in almost all marijuana transactions. Because of this, policymakers should carefully evaluate how licensees will pay regulators in cash to satisfy their tax obligations. Cash management policies that fail to appropriately account for physical, financial, and social losses due to inadequate cash management may endanger licensees and public employees (Hansen et al., 2020). A safe inside room should be used for all cash transactions, and there should be several people there who can sign for the money being received. Such cash records must remain compared with management in a way that complies with internal controls and requirements for reporting and safeguarding public financing and assets.

According to Hansen et al. (2020), policymakers should also consider who would be responsible for remitting tax payments in a transaction. The selling party is typically required to disclose and settle tax liabilities. However, the existing laws in California obfuscate this practice by requiring authorized distributors to pay cultivation taxes on marijuana they have received from authorized cultivators. Hansen et al. (2020) also note that, unless the distributors already have signed forms stating the reception of tax from cultivators and are responsible for its payment, the grower may remain liable and accountable for such taxes, especially in the case of failure of payment from distributors. This departure from the usual practice of maintaining liability to the selling party for tax remittance in unnecessary complications and inefficient taxation.

Fiscal Management: Effective use of Revenue

The difficulties of correctly predicting the volume of expected income make it extremely difficult for lawmakers to anticipate how they would use marijuana tax proceeds. The problems arise due to the lack of historical information concerning the size of the marijuana market and its defining tendencies. Estimates have been created using crowdsourced anonymous internet data and home surveys on marijuana use, but as marijuana was formerly illegal, it is difficult to obtain accurate market statistics. Camors et al. (2020) note that numerous states continue to include marijuana tax revenues into their budgets to fund continuing initiatives. However, they were disappointed when their revenue forecasts turned out to be incorrect. The report advises that with the establishment of history receipts for up to five years, states utilize marijuana tax revenues to sustain continuing activities. The report stresses the necessity to adopt Nevada's strategy, which donated all earnings through the retail taxes to fund rainy days. Alternately, money from marijuana taxes may get used to settling long-term debts like those in pension schemes for government employees.

Accessing quality and Safe Products

The way customers can obtain cannabis is a significant concept for observing in advancing the industry's legalization among different stats. Numerous medical marijuana legislation passed in the 1990s, such as those in Nevada, California, and other states, authorized possession for licensed patients but did not specify how they might buy cannabis products on the open market. Similarly, there are currently no commercial manufacture or sales mechanisms under the adult use laws in Vermont and the District of Columbia. According to Singh et al. (2019), such errors encourage users to buy things they are legally permitted to possess on the black market, failing to achieve one of the main goals of legalization-eradicating the black market. The strategy also advances challenges like the difficulty of tracking the location of cannabis products by ensuring effective collection of taxes and the maintenance of quality products and services.

Therefore, just eliminating the criminal consequences of marijuana possession is insufficient. Any attempt at legalization should have guidelines allowing for the manufacture and sale of marijuana products on a commercial scale. Additionally, the statutory language should specify the types of marijuana products allowed without being overly rigid or exhaustive in a way that would stifle innovation in the sector. Marijuana legalization and the expansion of the industry through product diversity evident from products like waxes, byproducts, or resins, as well as any preparation, should be included, for instance. Florida and Louisiana, two states with medicinal marijuana laws, limit the kind of goods that are legal to those made from non-smoking, low-THC cannabis strains. Cannabis with less than 0.8% THC by volume is considered low THC in Florida (Singh et al., 2019). The amount of THC in cannabis products would remain considered and termed industrial hemp in certain areas. The present government has urged a legislative fix after a Florida court ruled that the prohibition on smokable goods violates the state constitution's guarantee of the use of medical marijuana.

Additionally, several states, like California and Nevada, prohibit licensed dispensaries from marketing goods other than marijuana. In these states, dispensaries may be allowed to sell promotional items like lanyards and t-shirts (with prior governmental clearance). Still, they are typically not allowed to sell bottled water, food, or other consumer goods. There is little rationale for these rules in terms of public safety. If anything, a ban on the sale of bottled water could put people's safety in peril when they become dehydrated and can't get water. Restrictions on other consumer goods similarly have no justifiable benefit for public policy except for shielding the existing merchants of those commodities from the competition. Regulators also ought to stay away from these limitations.

The legalization of marijuana makes it possible to regulate it similarly to alcohol, with general shops requesting and receiving dispensary licenses to sell marijuana goods the same way they currently sell alcohol. General retailers like grocery stores and convenience stores can apply for, accept, and receive retail liquor licenses in states where a state-owned monopoly does not run the retail operation for alcoholic beverages, even if alcoholic beverage sales only account for a small portion of their overall business (Amroussia et al., 2020). In the future, marijuana that is regulated may be handled similarly, with substantial department shops permitted to dispense little amounts so long as they maintain sufficient inventory controls, just as is necessary for alcohol currently. Even though not all states continue to adopt such strategies, such interventions present the next evolving and suitable steps in effectively integrating marijuana legalization, primarily to support the utilitarian approach of the function.

License Issuance

The bulk of adult use legalization initiatives transferred the conventional three-tier regulatory system used in most jurisdictions to regulate the alcohol sector with the claimed goal of regulating marijuana like alcohol. Although there are many variances in state alcohol legislation, the three tiers include manufacturers, retailers, and distributors. Distillers and brewers with licenses are only permitted to sell through distributors, who then sell to retailers. Retailers are typically not allowed to buy directly from producers. Although there are typically limitations on vertical integration of the licenses, in some states, the retail services may get managed through state-owned monopolies or private corporations (Wang & Wilson, 2022). For instance, a distiller typically cannot open a business that sells alcohol to sell to consumers directly. The three-tier approach makes it simple to track inventory while ensuring the proper computation of excise taxes throughout supply chain functions.

Furthermore, state regulators widely know this regulation, making the transition to cannabis quite simple. Such clauses were strictly adapted in Washington's first adult-use marijuana laws. Washington grants applicants licenses to operate as either cultivator, dispensary, or manufacturer if they satisfy the licensing standards, including the proprietors' background checks. However, Wang & Wilson (2022) note that no holder of a dispensary license may concurrently operate a manufacturing or cultivation facility; as a result, they are required to source all of their stock from independent companies.

However, Colorado's regulation of marijuana slightly altered the conventional three-tier system that applies to alcohol. Colorado permits licensees to become vertically integrated but does not mandate it. Additionally, a single applicant may apply for and get granted a license for operating functions like manufacturing, dispensary, or cultivation. This strategy offers a clear advantage by enabling applicants to package, sell, and cultivate products while directly supplying to the clients. States with established regulatory frameworks concerning controlled commercial production, manufacturing, and sales for recreational and medical purposes have more frequently adopted Colorado's strategy (Kendzor et al., 2022). For instance, West Virginia's medical and recreational licensing framework adopted Washington's strategy, with at least another dozen states taking the approach engaged by Colorado in marijuana legalization.

Giving out a single license with authority to cultivate, make, and distribute cannabis products was a third strategy pioneered within Colorado when authorities created the state's medicinal program. Since inventory remains internally transferred within the context of the same license, data formatting concerns are less likely to cause problems because licensees are given full access to vertical integration. The approach represents an automatic approach to granting vertical integration that may make tracking inventory from seed throughout to sale easier. However, Kendzor et al. (2022) highlight that detractors of this strategy have stated that because they have no incentive to carry third parties' goods, vertically integrated clinics typically provide a smaller selection of products than non-integrated dispensaries. Nevertheless, at least a dozen states have adopted this strategy. One odd aspect of this strategy is that it rejects the three-tier structure as it applies to alcohol, which may help to explain why it hasn't been embraced in states where the enabling legislation was explicitly intended to regulate marijuana similarly to alcohol. In truth, almost all legal frameworks for granting commercial manufacturing and sales licenses in this way only apply to medical programs.

The three-tier system utilized for alcohol may be the primary goal of a Washington-style prohibition against vertical integration. Still, it is arbitrary and unnecessarily restricts the options accessible to both company owners and consumers for marijuana and alcohol. Owners of businesses should be free to engage operations at the desired scale and integration level that they can manage depending on their skills, financial resources, and market demand. The concept may remain achieved via a single and vertically integrated license, similar to those given through major medical programs (Kendzor et al., 2022). Not all prosperous retailers have the expertise and skills to work as extract growers or manufacturers. On the other hand, once a licensee only focuses on the retail sector to sell its goods, this could impede its success and unnecessarily restrict consumers' options. Colorado's approach to legal marijuana provides a better licensing framework, which supports vertical integration but does not mandate it.

Issuing Licenses and Methods of Awards

A dozen or so states that have legalized marijuana for recreational or medical use have set an arbitrary cap on the number of licenses they would issue. The concept forces candidates to submit their names to a random lottery or compete for those licenses using a defined merit system. For instance, Nevada's licensing framework mandates that state authorities use a fair, numerical scoring system to evaluate applications and caps the number of dispensaries authorized in the state at 120 (Frank, 2020). The initial licenses for dispensaries are given to the candidates who scored the highest.

Analyzing how licenses associated with marijuana legalization are set to remain distributed geographically within a state is a crucial factor for forms that use either of these strategies. Geographic allocation directly affects customers' access to safe, legal cannabis products. Many consumers and patients would have limited access to the items they require or want if an apportionment plan is not thought out in advance. For instance, Florida permits the operation of up to 25 dispensaries with a single license, but those facilities must be dispersed around the state's various statutorily designated geographic districts. In contrast, Maryland faced several lawsuits when its early regulations failed to consider geographic apportionment adequately. After the fact, Maryland's medical marijuana legislation and commission attempted to address this flaw by awarding some of its limited licenses to applicants who scored lower on a numeric scale to increase geographic diversity. The intervention opened the door for applicants with higher scores turned down for a right to sue the state for monetary losses brought on by its disregard for its own rules.

Frank (2020) notes that it should be clear that the best way to avoid these issues is to give licenses to everyone who applies and meets the requirements, such as not having a criminal record. This strategy has been used by many of the biggest marijuana markets in the US, including California, Colorado, Oregon, and Washington. This strategy reduces entry hurdles, political maneuvering among applicants, and the risk of lawsuits for the states who use it. Additionally, it more closely resembles how states regulate alcohol; for example, governments often do not set arbitrary statewide limits on the number of liquor outlets. Consumer demand ultimately determines how many grow houses and dispensaries can be built in this scenario, just like it does for most other industries that operate in market economies. Even though some policymakers remain concerned about the development of legally approved cannabis dispensaries, it is essential to remember that there is a limited legal limit on the number of bicycle repair shops that can exist; yet, there are only a limited number of them. Some bicycle repair centers will close until a balance is struck if they are more open than the demand from customers can accommodate. It holds for marijuana businesses as well.

The approach indicates that the best way to award marijuana licenses is through letting the fundamental market dynamics of demand and supply rule rather than setting arbitrary caps on the number of permits that can remain issued. If the number of licenses is restricted, they ought to be distributed according to a fair, merit-based system that considers the applicant's successes and business savvy, including any prior experience running lawful marijuana enterprises. Giving the applicant an array of variables they can control, rather than leaving all applications to change, at least provides some confidence that the few available licenses will go to those who will make the most use of them (Frank, 2020). However, in each of these later situations, a precise regional apportionment scheme must remain stated before accepting an application for state licensing.

Requirement Applications

Before applicants meet the minimum eligibility requirements to acquire a cannabis license, most states place specific limitations on them. While having no criminal history, as proven through practices like FBI background checks, may be a desirable prerequisite for a secure, controlled marijuana market, many other requirements do nothing more than reducing the pool of potential candidates. For instance, residency rules that bar out-of-state firms from applying are in or will be in Florida, Nevada, and several other states' first licensing processes. In states that enforce these standards, these regulations may disqualify even the most experienced and skilled operators, such as publicly traded marijuana enterprises, from applying (Griffith, 2021). States can thus deny their developing industry access to the few people in the world who have experience running a regulated marijuana firm, perhaps worsening compliance infractions or misconceptions on the part of new operators.

Similarly, Florida prohibits third-party physicians from recommending cannabis treatment to patients and requires license holders to keep a registered medical doctor on staff. A few states additionally have capitalization restrictions that prevent applicants from getting licenses unless they can provide evidence of having a minimum amount of funds available. Such minimum capitalization criteria fail to consider the possibility that applicants can decide to operate through various scales depending on the resources at their disposal. Additionally, they are an unnecessary entry hurdle that favors big businesses over smaller ones (Griffith, 2021). The pool of qualified candidates may be significantly smaller once combined with residency rules that bar major out-of-state corporations from applying.

Suitable Preferences for Marijuana Legalization

Some states with restricted policies concerning the issuance of specific amounts of licenses available have established favors or carveouts for candidates from specific racial or ethnic groups or with particular specialties. For instance, Florida's merit-based scoring system includes a sizeable preference for candidates who propose to renovate a citrus processing plant for marijuana production or extract manufacturing. This clause's explicit purpose is to reward a powerful lobbying interest group. Any legislators amenable to this kind of carveout encourage political scheming. Similar preferences got established in New Jersey and Nevada for applications with owners or board members as members of racial minorities (Frendreis & Tatalovich, 2020). Although the goal of these rules may be to reward historically underrepresented minority groups through the arbitration of preferences are arbitrary with no guarantee that the particular receiver of a license, even if sprung from a minority lineage, has ever been marginalized as a result of that factor.

The license term and renewal provisions may significantly impact the decisions made by a prospective applicant to apply or invest in established fixed assets requiring the effective operation of marijuana licenses. The approach is so since applicants need to invest significant resources, time, and physical effort in acquiring a marijuana license. Almost all states with active marijuana programs have set the duration of a marijuana license, irrespective of its kind, at one year. All existing programs include provisions for automatic renewal, provided the applicant complies with all regulatory requirements, including paying all taxes and licensing fees on time (Frendreis & Tatalovich, 2020). Many intelligent and seasoned entrepreneurs would undoubtedly refrain from violating these criteria if it could make the chance of renewal in question concerning marijuana legalization. Hence, all jurisdictions need to engage automatic and suitable renewal provisions licensees can use to make complaints.

Restrictions Associated with Location

The physical proximity between a licensee and specific other sites, including daycares, schools, gyms, community swimming pools, or other institutions, is usually subject to various regulations in states with medicinal or adult-use marijuana programs. Whether the marijuana business is accessible to the public or not, the scope of these regulations may severely restrict the number of plots that can be used for any permitted marijuana operation. For instance, cultivation facilities must typically have controlled access and cannot allow any admission of minors. If state governments impose restrictions on a marijuana licensee's physical location, the restrictions should only apply if the licensee is close to a school (Berg et al., 2018). Not all notional "community centers" ought to be covered by those distance constraints. Additionally, only license types that welcome foot traffic and are accessible to the public, like dispensaries, should be subject to these limits.

Ownership Transfer Matters

Some business owners have a unique talent for creating startup companies, while others prove better at managing established companies and guiding them through expansion. In market economies, these players frequently come into contact to conduct the sale of a company that has successfully navigated the startup period and is ready for the leadership and expertise of an advanced management team. However, several states have imposed limitations on the sale of marijuana licenses, making such transactions challenging or impossible. For instance, California prohibits the transfer of marijuana licenses and mandates that the buyer of a marijuana firm apply for a new grant from the ground up. According to Perlman (2020), the method impedes the market's organic growth and is needlessly time- and money-consuming. Massachusetts, in contrast, says that the marijuana license transfer cannot remain as restricted as the transfer of a liquor license and bases its transfer of ownership on the rules that apply to alcohol. Florida strikes a medium ground by allowing ownership transfers as long as the buyer complies with the initial licensee's application requirements and provides state officials with 60 days' notice.

Size Restrictions

Limitations on the size, organization, or market share associated with marijuana licensees have been discussed in several states. For instance, Arizona mandates that all licensees conduct business as non-profit organizations instead of for-profit corporations. To provide a specific benefit to small businesses, California grants vertically integrated licenses to companies that operate as micro businesses. 16 Any Nevada licensee can obtain 10% of the total dispensary licenses allotted to a given county. Policymakers should avoid giving a specific licensee a monopoly franchise since running a legal marijuana business requires a privileged charge (Hammond et al., 2020). Consumer welfare may be harmed by this anti-competitive strategy's monopoly pricing and supply restrictions. Therefore, it is reasonable to ensure that a sizable majority of licenses are not granted to individual applicants and an affiliated group of enterprises when the number of eligible permits is limited.

Nevertheless, economies of scale may also result in lower per-unit prices for marijuana, as is the case in many other types of manufacturing. Consumers in the medical and recreational markets may occasionally receive superior value from companies permitted to operate at scale. As a result, business owners should be allowed to decide the size and structure of a marijuana enterprise in response to market forces.

Inventory-Tracking

Every state with established legal frameworks associated with the commercial cultivation and distribution of marijuana products continues to remain mandated that license holders use inventory management software to keep track of the whereabouts of each plant and packed good. These systems frequently use radio frequency identification (RFID) tags, each with a unique identifying number (Stamm & HIDTA, 2021). A cultivation or manufacturing facility and a dispensary must regularly catalog their complete inventory of plants and packaged commodities. State regulatory bodies intend to keep continuous access to such data on the software's back end to check purchase and sales records and keep track of harvesting schedules. The approach enables regulators to carry out forensic programs for accounting that search for data anomalies that suggest marijuana items have been wrongly accounted for combined with those that are thus potentially prone to illegal diversion. Forensic software should immediately highlight inconsistencies.

The procedure guarantees the public and regulators that all essential legal marijuana items are continuously accounted for, considering that none are illegally transferred to the black market or among minors. However, creating these systems and managing their data are complex and time-consuming tasks. Regulators must first check that they, or the contractors they choose, have the technology necessary to gather and analyze this data reliably. For data to be formatted so regulators can read and process it, licensees must adopt suitable software platforms compatible with state regulators. Finally, regulators and licensees must guarantee that their data systems have sufficient security safeguards to prevent security breaches and secure any personally identifiable customer information.

Such tasks are essential aspects suitable for advancing the practice of marijuana legalization. Additionally, licensees are forced to incur significant labor and material expenditures due to the ongoing requirement for logging new data each time a plant or shipment is moved. For instance, the necessary radio frequency identification tags may cost almost $1 each and cannot be reused. Thus, the material costs alone can be substantial when applied to all plants. It is noteworthy that licensees of alcohol establishments are not required to maintain the same level of inventory management, even though the assurance these systems provide may be advantageous and may boost the public's readiness to advance support for legal marijuana sales. Most firms gain through an inventory management method because it reduces the possibility of financial loss based on theft or diversion, a motivation that every business owner shares (Stamm & HIDTA, 2021). However, the average marijuana business may incur more expenses than benefits due to the finer detail concerning tracking each plant or package instead of the pallet or batch.

For states to demonstrate to federal authorities that they take actions to guarantee that marijuana products sold under state licenses do not transcend state borders and are not diverted to the illicit market, seed-to-sale tracking rules should stay maintained for the foreseeable future. However, if these restrictions got applied to batches as opposed to each item, they would become more economically practical. The possibility of diversion is already low because most jurisdictions currently mandate ongoing archiving of locations and video surveillance concerning where marijuana is grown or stored. Combining batch-level RFID tagging with this constant video monitoring should offer sufficient protection against the diversion of legal marijuana goods. In addition, since every growing plant must have an RFID tag attached, outdoor cultivation is impractical in areas with a generally favorable environment since wind and rain could wipe the identifying tags off the plants (Stamm & HIDTA, 2021). As a result, growers might be required to grow indoors or in a greenhouse, drastically raising production costs and consumer prices.

Government Control

The degree of control granted to local governments is a crucial component of any state framework for marijuana regulation. It seems sensible that certain towns might not want to host marijuana dispensaries and cultivation facilities. However, those who hold the minority opinion inside those communities might still require or want access to secure marijuana goods close to their homes. The necessity to strike a delicate balance between granting local communities the liberty for self-governance while ensuring that persons with minority viewpoints do not get ostracized is brought on by these competing desires. For instance, numerous local governments in California implemented laws prohibiting marijuana dispensaries at the beginning of 2018. As a result, 40% of the state is at least 60 miles from the closest legal dispensary (Firth et al., 2019). State officials replied by putting out laws permitting statewide deliveries, allowing residents of areas where dispensaries have been outlawed access to safe, legal items. The League of California Cities has denounced this idea and issued legal threats, alleging that the enabling statute permits local governments to outlaw recreational sales inside their boundaries.

By including explicit language in the authorizing act to define the scope of local government authority, confrontations like this can remain avoided. States have approached this issue in several ways, from allowing an absolute prohibition on recreational and medicinal marijuana sales, as in California, to rigidly limiting the permissible breadth of action for local governments. In Massachusetts, for instance, local governments are permitted to enact rules that regulate the acceptable hours and methods of zoning and operating limitations. Still, these regulations cannot be "unreasonably impractical" for a marijuana business to operate successfully. Firth et al. (2019) note that, like in Michigan, local governments there may restrict the number of dispensaries to 20% of liquor store licenses given in the same jurisdiction that may forbid marijuana use on-site. Still, they cannot outright prohibit marijuana legalization entirely.

There is a spectrum of alternative strategies between these extremes. Some states have contemplated allowing local governments to establish a ban or opt-out of it for a brief period, such as six months from the start of a law authorizing a legal marijuana market. According to Michigan's medical marijuana legislation, each license form must first receive affirmative approval from the local government in an ordinance before it may get utilized there. Florida forbids municipal governments from restricting the number of dispensaries but permits them to ban them outright. In Florida, licensing costs and zoning limitations cannot be higher than those that apply to pharmacies. The degree of local governments' freedom to license marijuana also needs to balance against the demands of medical, recreational, and patient users (Firth et al., 2019). The Massachusetts method is arguably the most successful at striking this balance since it allows local governments to manage and regulate the activities they want to discourage while also providing patients and consumers with the necessary access to secure marijuana products.

Testing Products

Products made from marijuana are meant to be consumed by people. As a result of this realization, politicians are now considering testing regulations for all products to ensure both public safety and product quality. Consumers and regulators require confirmation that the items are free of dangerous substances, contaminants, and microorganisms from a public safety perspective. Matheson & Le Foll (2020) note that for customers with delicate medical situations, such as patients, it is crucial to ensure that products are free of these dangerous pollutants. Customers and regulators should feel confident measuring their cannabinoid dosages because quality control testing ensures that the cannabinoid amount listed on the packaging is accurate and largely uniform. All marijuana goods must typically be tested before the wholesale licensee, like the producer or cultivator, is allowed to transfer those items to any retail dispensary. The test findings must be attached to the packaging so that the dispensary obtains a finished, marketable product. States have often developed a distinct form of marijuana license specifically for testing facilities and prohibited facility owners from accessing any financial stake in any other marijuana license to guarantee strict independence (Matheson & Le Foll, 2020). Then, state authorities approve and keep an eye on laboratory testing processes. Occasionally, state regulatory organizations might conduct testing themselves.

Different states have used various strategies regarding the quantity and testing types demanded of marijuana products. For example, Arizona's medical program does not mandate product testing, but a licensee is permitted to do so voluntarily to draw clients. Delaware does not specify how such testing methods should be carried out; it only requires that medical dispensaries design a strategy for testing items within the shelves while submitting suitable licensing plans to the state regulators for approval. While potency testing to confirm the concentration of cannabis is not required in some areas, such as Illinois, products are still needed to be tested for pollutants or compounds that could be dangerous. Matheson & Le Foll (2020) highlight that states like Connecticut and Illinois stand out among this group for referring to impartial, outside criteria for health and safety concerning the presence of chemicals, pollutants, and heavy metals, including those established by the federal Environmental Protection Agency.

States like Massachusetts, which mandate testing for chemical and cannabis potency and use impartial third-party standards, fall into a fourth category. A fifth category includes jurisdictions like California that impose stringent testing criteria for toxins and THC potency without adhering to independent third-party standards. Colorado is the leading state in the final testing regime category. Like California, Colorado has stringent testing requirements without citing external standards (Matheson & Le Foll, 2020). Even once the objective test results show the meeting of all conditions, Colorado gives its regulatory agencies the power to decide which products are unfit for sale and demand their destruction. This arbitrary discretion creates unnecessarily high levels of uncertainty in the licensing market.

Similar to food products, there are real concerns about consumers' public welfare and safety regarding the potential inclusion of contaminants through marijuana products. Testing standards, however, may also become too onerous and restrictive in ways that unduly raise the price of products. The concept is especially true once standards seem arbitrary or remain less established by impartial third parties. In general, we advise governments to mandate testing processes for marijuana products while giving licensees the freedom to modify those procedures to fit their particular production techniques, so long as they meet specific, objective safety requirements. As used in Delaware, this strategy encourages innovation needed to advance the sector. States should never put the burden of conducting laboratory testing directly on their regulatory bodies, which can cause delays and lead to falling outside the government's primary authority.

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