



## Colorado and Washington: Life After Legalization and Regulation

*“Our state’s efforts to regulate the sale of marijuana are succeeding. A few years ago, the illegal trafficking of marijuana lined the pockets of criminals everywhere. Now, in our state, illegal trafficking activity is being displaced by a closely regulated marijuana industry that pays hundreds of millions of dollars in taxes. This frees up significant law enforcement resources to protect our communities in other, more pressing ways.”*

— Washington State Gov. Jay Inslee and Attorney General Bob Ferguson

In November 2012, Colorado and Washington State voters replaced marijuana prohibition with legalization, taxation, and regulation for adults over 21. Since 2014, nine additional states have legalized and regulated marijuana for adults 21 and older: Alaska, California, Illinois, Massachusetts, Maine, Michigan, Nevada, Oregon, and Vermont. The states’ economies have prospered, and opponents’ dire predictions have not materialized. This document focuses on data from the first two states since their laws have been in effect the longest.

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### The Public Views Legalization as a Success

- An April 2020 poll found 71% of Coloradans and 65% of Washington state residents viewed legalization as a success or more of a success than a failure.[\[1\]](#) Only 17% of Coloradans and 18% of Washington residents viewed legalization as more of a failure.

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### Tax Revenue and Job Creation

- In 2019, Colorado collected more than \$300 million in taxes from marijuana businesses.[\[2\]](#)
- Washington generated \$440 million from cannabis taxes in fiscal year 2019.[\[3\]](#)
- Cities and towns have raised millions of dollars in local taxes and fees and used the funds for infrastructure projects, programs that address homelessness, and college scholarships.
- In Colorado, 41,953 individuals are licensed to work directly in the marijuana industry, as are 1,686 marijuana business owners.[\[4\]](#) Cannabis businesses also boost the economy by retaining a wide variety of collateral services, including construction, security, legal, and real estate.

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### Displacing the Illicit Market and Freeing Up Police Time

- A report commissioned by Colorado found “a comparison of inventory tracking data and consumption estimates signals that Colorado’s preexisting illicit marijuana market for residents and visitors has been fully absorbed into the regulated market.”[\[5\]](#)
- As the *L.A. Times* reported, “Widespread legalization in the U.S. is killing Mexico’s marijuana

business, and cartel leaders know it.” Seizures at U.S. ports of entry have plummeted from 2.4 million pounds of marijuana in 2013 to 861,231 pounds in 2018.”[\[6\]](#)

- In a 2018 analysis, researchers found that police solved significantly more violent and property crimes after passage of legalization laws in Colorado and Washington.[\[7\]](#)
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## Teens’ Marijuana Use and Graduation Rates

- According to the most comprehensive study on teen marijuana use in Colorado, teen use has not risen since marijuana became legal: It dropped within the margin of error.[\[8\]](#)
  - The most in-depth survey in Washington suggests either no change or modest decreases in current marijuana use for every grade surveyed — 6th, 8th, 10th, and 12th graders’.[\[9\]](#)
  - A 2018 study focused on youth in Washington State found, “no evidence that policy change influenced heavy-using adolescents’ rates of use nor the proposed risk factors associated with problematic use patterns.”[\[10\]](#)
  - The Colorado Department of Education reports that Colorado’s four-year graduation rate increased from 75.4% for the class of 2012 to 81.1% for the class of 2019.[\[11\]](#) The state’s 2018-2019 dropout rate was 2.0%, an all-time low.[\[12\]](#) Washington’s four-year graduation rates have also increased — from 77.2% in 2012 to an all-time high of 80.9% in 2018 and 2019.[\[13\]](#)
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## Road Safety

- A paper published by the National Bureau of Economic Research analyzed the rates of drivers found with THC (marijuana’s primary psychoactive ingredient) in their systems after fatal car crashes from 2013 to 2016. The researchers then compared the patterns of THC-positive drivers in Colorado and Washington during that time period to those in other states. In a summary of their results, the authors wrote, “We find the synthetic control groups saw similar changes in marijuana related, alcohol-related and overall traffic fatality rates despite not legalizing recreational marijuana.”[\[14\]](#)
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## Real Estate and Quality of Life

- In 2019, *U.S. News & World Report* ranked Denver, Portland, San Francisco, and Seattle — all of which have regulated marijuana sales for adults — in the top 10 best places to live in the nation.
  - Home prices rose fastest in the country in the only three states where marijuana was being legally sold to adults in 2015 — Colorado, Washington, and Oregon.[\[15\]](#)
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## Business, Booming Economies, and Tourism

- In Colorado, “loss costs” — lost wages and medical expenses from on-the-job injuries — have decreased substantially since 2014. 2020 saw an 8.5% reduction.[\[16\]](#)
- In 2019, *U.S. News & World Report* ranked Colorado the best state economy in the nation, with

Washington ranking third.<sup>[17]</sup>

- Colorado broke records for number of visitors and amount of tourist dollars spent for the eighth year in a row in 2018.<sup>[18]</sup> In 2019, Colorado attracted 85.2 million U.S.-based travelers, plus over one million international visitors who collectively spent \$22.3 billion and generated \$1.37 billion in state and local tax revenue.

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[1] “States with recreational marijuana laws view the legislation as a success,” YouGov, May 13, 2020.

<sup>[2]</sup> <https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data>

<sup>[3]</sup> [https://lcb.wa.gov/sites/default/files/publications/annual\\_report/2019-annual-report-final2.pdf](https://lcb.wa.gov/sites/default/files/publications/annual_report/2019-annual-report-final2.pdf) (\$390 million from excise taxes, \$50.39 million from sales taxes, Washington Department of Revenue, Marijuana sales tax table, available at <https://dor.wa.gov/about/statistics-reports/recreational-and-medical-marijuana-taxes>)

<sup>[4]</sup> <https://www.colorado.gov/pacific/enforcement/med-resources-and-statistics> (as of April 1, 2020)

<sup>[5]</sup> “Market size and demand for marijuana in Colorado 2017 market update,” Marijuana Policy Group and Leeds School of Business, August 2018.

<sup>[6]</sup> “With U.S. competition hurting its marijuana business, Mexico warms a little to legalization,” *Los Angeles Times*, January 27, 2018.

[7] Makin, D.A., et al. (2018). Marijuana Legalization and Crime Clearance Rates: Testing Proponent Assertions in Colorado and Washington State. *Police Quarterly*. Accessed from <https://doi.org/10.1177/1098611118786255>

<sup>[8]</sup> Colorado Youth Risk Behavior (2011) and Healthy Kids (2017) Surveys, past 30-day use.

<sup>[9]</sup> Washington State Healthy Youth Survey, 2012 to 2016, past 30-day use. <http://www.askhys.net/FactSheets>

<sup>[10]</sup> Blevins, Claire E., et al. “The Implications of Cannabis Policy Changes in Washington on Adolescent Perception of Risk, Norms, Attitudes, and Substance Use,” *Substance Abuse: Research and Treatment*, December 2018.

<sup>[11]</sup> <https://www.cde.state.co.us/cdereval/gradratecurrent>

<sup>[12]</sup> <https://www.cde.state.co.us/cdereval/dropoutcurrent>

[13] Washington Office of Superintendent of Public Instruction, “Graduation Rates Remain Stable for Class of 2019,” December 5, 2019.

<https://content.govdelivery.com/accounts/WAOSPI/bulletins/22321f5>

[14] Benjamin Hansen, et al., “Early Evidence on Recreational Marijuana Legalization and Traffic Fatalities,” National Bureau of Economic Research, March 2018.

[15] Paul Ausick, “April Home Prices Rise Most in Washington, Colorado, Oregon,” *24/7 Wall St.*, June 7, 2016.

[16] <https://www.colorado.gov/pacific/dora/workers%E2%80%99-compensation-loss-cost-decreases-2020>

[17] <https://www.usnews.com/news/best-states/rankings/economy>

[18] <https://www.colorado.com/news/colorado-tourism-sets-all-time-records-eighth-consecutive-year>  
(Tourism has not been booming in Washington, where the state’s marijuana law is far less well known, and the state closed its tourism office in 2012, the same year it legalized marijuana.)