



CBD-Intel

Regulatory and Market Intelligence for the CBD Sector

Lobbyists for ‘special interests’ accused of un-American activities on cannabis

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Licensing issues look set to become the next big US lobbying battleground for cannabis as money moves on from the traditional legalisation-versus-prohibition field.

With the majority of opponents to cannabis seemingly having accepted the eventual inevitability of some form of legalisation, attention has now turned to attempts to influence the shape of any potential future regime.

Traditional opponent industries such as pharmaceuticals and alcohol have recently changed at least a portion of their lobbying strategy.

They now look to create limited licensing models which would give them advantages as better funded corporations in either dominating the market themselves or limiting its impact on their core business interests.

John Kaweske, CEO of Tweedleaf, a medical and adult-use dispensary chain in Colorado, told CBD-Intel that outside interests swaying government officials still represents a threat to ongoing cannabis use.

By lobbying to limit licences and to create stricter licensing systems, companies previously opposed to cannabis are seeking to create the type of highly regulated, limited player market conditions in which they already flourish. This means they either knock back the competition by creating the conditions for artificially high prices or create a market they themselves could enter with considerable advantages in terms of finances and experience.

The American dream

“The concern of special interests is that they attempt to carve out oligopoly-type advantages,” Kaweske said. “States that have a limited licensing model are simply un-American and against free-market principles.

“If the government creates a system of limited licences and only issues those licences to a small group of people, how is that fulfilment of the American dream?”

Beyond concerns over allowing more people – in particular those most disadvantaged by decades of the War on Drugs – a slice of the lucrative cannabis pie, limited licensing also directly hurts consumers because it leads to higher prices.

“In limited licence states, the cost of cannabis is literally double what our consumers pay here in Colorado for the same product,” Kaweske added. “The consumer pays the price due to this restrictive market.”

But limited licensing can also benefit some of the larger cannabis companies. This has led to a messier situation with, at times, odd bedfellows

For example, the Michigan Cannabis Manufacturers Association (MCMA), which represents some of the largest cannabis companies in Michigan, is lobbying for stricter regulations for medical cannabis caregivers and, potentially, further limitations on home cultivation.

Grow-your-own undercuts the licensed market

Essentially, the MCMA wants to put as much sales as possible through licensed dispensaries for the benefit of its members.

But current regulations allow for medical cannabis caregivers to assist up to five patients, which can include growing as well as procuring supplies from outside the dispensary system.

This can mean the cultivation of up to 12 cannabis plants or the purchase of up to 2.5 oz of product for the five patients, which could be combined with personal growing allowances, if the caregiver is registered as a medical cannabis patient themselves, to allow the cultivation of up to 72 plants.

The Michigan Medical Marijuana Association (MMMA) estimates there are more than 36,000 registered caregivers, who could potentially service a significant proportion of what the MMMA says are 267,000 medical cannabis patients in the state, removing them from the state's licensed medical cannabis market, which has been estimated to be worth around \$1bn.

The motivation for the companies making up the MCMA to lobby for limiting potential routes out of the market is clear. MCMA members say they are worried about the impact unregulated, untested and untaxed medical cannabis could have on consumers and state programmes reliant on funds.

But there have been calls from pot activists to boycott brands affiliated with the trade group's membership, which includes Fluresh, Two Joints, Jolly Edibles, North, Short's Brewing, Petra, Wana, Sherbinski's, Kiva Confections, DNA Genetics, Clout King, Chief Solventless and Crown Jewels.

'They want more sales to go through their stores'

Rick Thompson, owner of the Michigan Cannabis Business Development Group, labelled any changes as "unnecessary" and pointed to the history of the MCMA's executive director, Steve Linder.

“You have to appreciate that Linder has been a real problem for the cannabis industry for years,” Thompson told local media. “The consistent message from him and the MCMA has been to put all cannabis sales under regulation.

“They want more sales to go through their stores. They’re advocating to essentially change the way that caregivers are able to operate, to the degree to which most of us believe would fundamentally change the program and make it non-functional.”

The move by the MCMA puts it on the same side as pharmaceutical organisations which also previously lobbied Michigan lawmakers to restrict caregiver activity.

Similar activity can be seen on the recreational cannabis side.

One major issue for businesses in states that allow consumption of both alcohol and cannabis on the same premises is getting cities and other local jurisdictions to rewrite land use policies to allow cannabis to be visibly present. There is also an issue of rewriting zoning restrictions to allow cannabis businesses to open up in more desirable locations, according to House Caviar, a Los Angeles-based events planning company.

This has traditionally been opposed by the alcohol industry, which fears loss of sales to cannabis at co-licensed locations, House Caviar co-founder Antoinette Vu told CBD-Intel.

Pushing cannabis down the agenda

But local jurisdictions often prioritise tackling homelessness and unemployment in changes to land-use policies – two social issues often connected to the war on drugs through conviction records and other means.

This makes it easy for lobbyists to push other issues forward with public support and push cannabis-related changes further down the agenda, Vu added.

Ironically, many cannabis companies that work on social issues like homelessness and unemployment due to drug convictions may again end up lobbying on the same side of issues as those looking to limit cannabis licensing.

And the same divided loyalties can be seen at the federal level. Members of Congress have proposed multiple bills related to cannabis legalisation, including:

- the highly progressive Cannabis Administration and Opportunity Act, which would remove cannabis from the controlled substances list
- the moderately progressive Marijuana Opportunity Reinvestment and Expungement ([MORE](#)) Act, a more progressive edition than the version passed by the House last year
- and the Common Sense Cannabis Reform For Veterans, Small Businesses, and Medical Professionals Act, which would replace the reinvestment and opportunity elements of the MORE Act with legalising interstate cannabis commerce, medical cannabis research, and creating access for military veterans.

Again, issues around social equity and opportunity create divided loyalties, with some in the industry lobbying for any sort of incremental change to slowly bring about a new cannabis regime at the federal level. Others take the position exemplified by Democratic senator Cory Booker of New Jersey and withhold support for lesser measures with the aim of encouraging more comprehensive legislation.

Big Alcohol, Big Tobacco, and Amazon

Some companies outside the cannabis sector, such as Amazon, have publicly supported measures such as the MORE Act. Amazon declined to tell CBD-Intel whether it had backed its public support with lobbyist money.

Similarly Big Alcohol and Big Tobacco especially remain largely silent on their lobbying activities besides general inclusive propaganda. However, the feeling is such companies would be at a disadvantage in terms of either dominating the market or protecting their core interests if the focus was to be on providing and increasing access to under-represented communities and limiting corporations.

As a result overall activity by traditional cannabis opponents remains a worry – not least because of their much larger war chests. It was estimated that cannabis lobbyists spent only \$4m last year on policy persuasion compared to the \$60m alcohol and tobacco groups contributed across all issues.

[A survey](#) conducted by national cannabis advocacy group NORML among its members found a majority of consumers do not support alcohol and tobacco corporations influencing cannabis policy. In total 77.6% said it was a concern, with just under 47% saying it was a

great concern and the remainder saying it was only an issue “when businesses lobby for policies that conflict with consumer issues”.

“We’ve already seen the influence of these corporate interests,” said NORML executive director Erik Altieri. “In some instances, many of these same people have lobbied against consumer-friendly legalisation provisions, such as the right for adults to cultivate marijuana in the privacy of their homes.

“These corporate entities also have pushed for state-wide limits on the number of licensed cannabis producers and retailers, in an effort to keep prices up and supply artificially limited – and to keep the economic benefits of legalisation largely out of the reach of average Americans, especially people of colour.”

What This Means: NORML’s concerns are understandable. It is interesting to note that as cannabis grows in terms of legalised territory and acceptance, it is also growing more corporate.

Natty suits and flash cars are quickly replacing camper vans and patchouli, and this is potentially bringing the industry into more conflict with itself – particularly as portions start to realise they have more in common with the lobbying positions of former outside interest opponents.

Out-and-out prohibitionists are increasingly being sidelined. Even longstanding traditional lobbyist opponents such as Safe Approaches to Marijuana have changed tack from advocating prohibition to advocating limitations while continuing to highlight possible dangers.

As pressure increases to make changes at federal level and in the remaining prohibitionist states, it will be interesting to see where the money goes and how issues such as licensing and land use develop.

What is clear for now is that it is unlikely to be a clear divide on issues between those in and those outside the sector.

– Jamie Valentino *CBD-Intel contributing writer*

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