



Via Electronic Delivery

February 18, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

RE: Introduction to Cannabis Regulators Association

Dear Madam Speaker, Mr. Leader, Mr. Majority Leader, and Mr. Minority Leader:

The Cannabis Regulators Association (CANNRA) is a national organization that facilitates exchanges between policy makers and cannabis regulators from across the country. CANNRA provides officials with unbiased information and recommendations regarding the impact and implementation of cannabis policies. Our members are the primary regulatory agencies and officials charged with oversight of adult-use cannabis (also referred to as “recreational cannabis”) and/or medical cannabis in the states of Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Iowa, Louisiana, Maine, Massachusetts, Maryland, Michigan, Minnesota, Montana, Nevada, New Jersey, New York, North Dakota, Oregon, Rhode Island, South Dakota, Utah, Washington, and Washington D.C.

CANNRA is not a cannabis advocacy group and takes no formal position for or against cannabis legalization. Our mission is to provide policy makers and regulatory agencies with the resources to make informed decisions when considering approaches to cannabis regulation. The purpose of this letter is to introduce our association as a resource, so that interested members of Congress may benefit from the regulatory and implementation experiences of our members and the states they represent, and to provide a regulatory perspective on federal cannabis legislation.

States across the country continue to experiment with new and changing cannabis policy. Each of the thirty-six states and four territories that have legalized some form of cannabis, whether they permit the use of cannabis by patients to treat qualifying medical conditions, use by adults age twenty-one and older, or both, has its own unique regulatory framework. Licensed activities, tax mechanisms and rates, market structure, the role of local governments, marketing and advertising, approved qualifying medical conditions, and many more regulatory issues vary greatly between jurisdictions. As an association CANNRA is able to bring states together, even with varying regulatory frameworks, to discuss shared challenges and identify best practices in cannabis regulation.

CANNRA commends the 117th Congress for the many pieces of cannabis legislation members have sponsored and their willingness to address much needed action to modernize federal cannabis policy. Many of these reforms would significantly aid jurisdictions that choose to legalize and responsibly regulate approved forms of cannabis. CANNRA supports changes to federal law that would strengthen oversight and increase regulatory certainty.

Attached we have provided a document compiled by CANNRA members which outlines important areas of cannabis policy we believe warrant additional consideration from federal officials. This document is not intended to represent consensus policy recommendations of CANNRA or its member state regulatory agencies, but to ensure that policy makers are aware of regulatory issues which impact state and federal priorities. Our organization stands ready to contribute a valuable perspective to the conversation on federal cannabis policy.

Sincerely,

A handwritten signature in blue ink that reads "Norm Birenbaum". The signature is written in a cursive, flowing style.

Norman Birenbaum
President, Cannabis Regulators Association



Regulatory Issues Impacting State and Federal Cannabis Priorities

Below are important areas of cannabis policy CANNRA believes warrant additional consideration from federal officials. This document is not intended to represent consensus policy recommendations of CANNRA or its member state regulatory agencies, but to ensure that policy makers are aware of regulatory issues which impact state and federal priorities. Our organization stands ready to contribute a valuable perspective to the conversation on federal cannabis policy.

- **Protections for State Legalization Frameworks**

Protections from federal enforcement have been provided to compliant medical state cannabis operators through the Rohrabacher–Blumenauer amendment since 2013. Guidance established in the Department of Justice Cole Memorandum provided adult-use states and adult-use cannabis operators with a national standard for cannabis enforcement priorities to follow in order to receive the benefits of Department of Justice prosecutorial discretion from 2013 until 2018 when it was rescinded under Attorney General Jefferson Sessions. These forms of federal guidance have resulted in consistency in regulatory priorities across states and provided a significant incentive for cannabis operators to remain compliant with state laws and regulations. It has promoted transparency and regulatory certainty in the cannabis industry and has fostered a frank and productive relationship between regulators and industry stakeholders. Reinstating the Cole Memorandum, or providing similar protections found in the Rohrabacher-Blumenauer amendment to all cannabis businesses, many of which also operate in state medical cannabis programs, will increase transparency by allowing participants to use fewer corporate entities and less complex corporate structures in their operations. Clear federal guidance and/or expanded protections will also facilitate access to traditional banking services and other ancillary industries, which increases compliance, simplifies oversight, and promotes a safer cannabis industry.

- **Access to Banking and Traditional Financial Services**

Industries which rely on cash transactions are inherently harder to regulate and susceptible to non-compliant and often unsafe activities. Depository banking and electronic payment processing systems facilitate tax collection and create greater transparency and auditability, providing cannabis and financial regulators with more tools and data to determine compliance with state and federal requirements. Access to banking makes the entire cannabis industry more accessible, more transparent, and safer.

- **Research and Clinical Knowledge**

The current body of cannabis research and clinical data related to the potential therapeutic properties and potential harms of cannabis is inadequate and outdated. Federal constraints severely limit who may conduct research, who may produce cannabis for research activities, and what forms of cannabis are used in research initiatives. States continue to legalize forms of cannabis to provide qualifying patients with alternative medical treatments and to provide adult consumers with safer, regulated alternatives to products distributed through the illicit market. Regulatory and public health officials cannot make informed, data-driven decisions without robust clinical data and expanded research that reflects the types of cannabis and modes of administration currently available for use by consumers and patients.

- Social and Economic Equity**

Communities of color have been disproportionately harmed by the enforcement of drug policies. Many states have implemented some combination of decriminalization, legalization, or expungement of past cannabis offenses. Many of these states have determined that while expungement of past cannabis offenses may address disparate arrest or prosecution for cannabis offenses, it does not eliminate the lifelong impact of an arrest or prosecution on an individual and their family. States across the country are pursuing innovative programs to correct these disparate impacts and promote social and economic justice through the cannabis industry and the tax revenue it generates. Many CANNRA member states are proud to stand at the forefront of these programs, seeking to implement accessible and equitable markets that provide opportunities and resources for those who have been disproportionately impacted by cannabis enforcement.
- Consumer and Product Safety Standards**

The existing patchwork of regulatory systems reveals a wide variation of product standards in state markets. Cannabis product forms, serving sizes, THC content, and manufacturing processes all vary across legalized states. Permitted ingredients such as terpenes, flavorings, excipients, carrier agents and how they are documented and tracked differ as well. States employ different standards and review processes for product packaging and labeling requirements; including what constitutes “child resistant” packaging, what branding is deemed “attractive” to children, what product warnings must be displayed, and identifying symbols that must be incorporated to alert consumers that products contain THC and can cause impairment. Product safety requirements and methods should be aligned as much as possible across jurisdictions to effectively protect consumers.
- Laboratory Testing Standards**

Laboratory testing is a critical public health component of legal cannabis markets across the country. Each state differs in how testing laboratories fit within unique markets, how they are licensed or accredited, and who is responsible for the regulation of their operations. Laboratory testing requirements for product safety are also inconsistent across the country. Many states require analytical testing to determine product potency and purity, however quality control requirements differ. Many states include a quality control regime for the identification of microbials, heavy metals, pesticides, and/or solvent contaminants in products. However, the variability in specific analytes tested, the acceptable action levels and thresholds, and the testing methodology used makes testing standardization difficult. Additionally, each state has its own sampling standards, stability testing requirements, and acceptable variances in testing results that make regulating this emerging industry challenging. Alignment of laboratory testing standards across jurisdictions would serve to protect consumers.
- Public Health Surveillance Data**

Available national and state public health data used to measure cannabis use is insufficient. Existing public health surveys (NSDUH, YRBS, BRFSS) contain limited, outdated, and often irrelevant cannabis-related surveillance indicators. These surveys generally fail to capture mode of use, product source (regulated vs. illicit market), types of products used, potency of products used, exposure to marketing and advertising, and other vital data points, in which the collection of such data is necessary to protect public health and safety and to obtain an accurate picture of today’s cannabis market and how it is changing. Many states have attempted to supplement existing gaps in public health data. However, these attempts are typically funded through cannabis tax revenue after the launch of commercial cannabis sales, making it impossible for states to collect meaningful baseline data on cannabis before regulated, commercial markets have an impact. Additionally, the variation in state level resources and mechanisms used to establish baseline data or fill public health data gaps results in data that is insufficient to make meaningful comparisons across jurisdictions. Existing cannabis public health

surveys and monitoring systems should be examined to ensure they adequately reflect and capture existing cannabis market and use trends.

- **Federal Tax Structure**

CANNRA understands that federal funding is required to support ongoing federal support and research of regulated cannabis markets. While states approach taxation through various methods including ad valorem, weight-based, and potency-based mechanisms there may be opportunities to explore alternative equitable federal tax structures that support the functions specified in this letter or other important or necessary programs or initiatives.