

Local Impacts of COMMERCIAL CANNABIS

The last two decades have brought waves of significant change to state laws regarding medical and recreational cannabis. Though cannabis remains illegal at the federal level, these state policy decisions have implications for local governments who must decide how to regulate the cannabis industry in their communities.

With support from the City of Half Moon Bay, California, ICMA provides Local Impacts of Commercial Cannabis to assist the growing number of municipalities and counties faced with these decisions. Based on interviews with leaders from 14 communities across the country, available local and state data sources, and other research, we highlight potential impacts of legal cannabis activities spanning several thematic areas. A series of case studies provide further insight into local processes and lessons learned, and yield summary recommendations for other local governments faced with similar decisions.

This report presents key findings related to:

-  **Economic Development**
-  **Public Health**
-  **Public Safety**
-  **Environment**

“It’s one of the most complex public policy issues I’ve faced as a local government manager given the political and societal dynamics.”

Featured Profiles

- City of Carpinteria, California
- City of Durango, Colorado
- City of Fort Collins, Colorado
- City of Grover Beach, California
- Jackson County and City of Ashland, Oregon
- City and Borough of Juneau, Alaska
- City of Kirkland, Washington
- City of Pacifica, California
- City of Santa Rosa, California

Each unique case study lays out local motivations, decisions and processes, and early industry impacts. We also identify recommended practices for facilitating local decision-making on cannabis policymaking:

1. Assess the federal, state, regional, and local context for your decision(s).
2. Assemble a diverse, coordinated leadership team.
3. Plan for deliberate, transparent community engagement.
4. Regularly monitor indicators and review your regulations.

To access the full Local Impacts of Commercial Cannabis report, visit [icma.org/documents/commercial-cannabis-report](https://www.icma.org/documents/commercial-cannabis-report)

Economic Development

- Some local governments see potential for the cannabis industry to support **redevelopment or economic growth**, offering opportunities for local entrepreneurship or adaptive reuse of vacant infrastructure.
- State leaders often tout the **revenue from cannabis licensing fees/taxes**, but the local share of state revenue tends to be less impactful. As a result, many local governments impose their own license fees and/or additional taxes on the cannabis industry to offset the substantial costs of administration, regulation, and enforcement.
- Cannabis's federal status limits **industry access to banking** and other auxiliary services. All-cash offers on property may place pressure on its availability to other industries.
- **Tourism** is a significant economic sector in the early states to legalize recreational cannabis. Initial research suggests a neutral to favorable impact of legalization on tourism.

Public Health

- Debate on legalization tends to be charged with conflicting claims about the relationship between cannabis and **public health indicators**, and in many cases the evidence is insufficient for drawing conclusions. Resources assessing the strengths of these claims are available to local governments and may be helpful in talking through community concerns.
- Perspectives on **adult use of cannabis** and its health implications are often informed by a blend of evidence and personal values and may compare the substance with alcohol, tobacco, or opioids. But even in states where recreational adult use or medical use is legal, all laws and regulations concerning what one cannot do under the influence of cannabis still apply.
- Opponents and proponents of legalization are often united in concerns about potential increases in **youth use of cannabis**, as abuse may be associated with lower graduation rates and increased risk of addiction or mental health issues. Youth surveys conducted in Washington and Colorado did not capture significant changes in use or abuse post-recreational legalization.

Public Safety

- State and local regulators generally build a range of precautions into cannabis **licensing and land use standards**, such as requirements for security systems, lighting, and employee background checks to protect the businesses themselves as well as local communities.
- Providing a path to compliance may open the door for **relationship building** between local enforcement and industry operators, increasing adoption of best practices.
- While residents may be concerned about potential issues related to legal cannabis businesses, **unauthorized cannabis activities** often pose a bigger public safety and security threat.
- Some communities report higher-than-anticipated **trip generation and parking demand** associated with cannabis businesses, but it is likely too soon to tell in most cases whether or not these impacts are permanent.

Environment

- State and local requirements will mandate **buffering from sensitive uses** such as schools, child care facilities, parks, and other youth-serving centers. Local governments may choose to enhance and/or relax some of these requirements based on local preferences and conditions.
- **Odor issues** along the cannabis supply chain are legitimate concerns, and local regulations can provide a means for enforcement against nuisance odors by requiring mitigation or preventing public consumption. Local governments recently authorizing commercial cannabis activities conceded that while odor issues may be more common at the onset, they tended to dissipate as businesses “mature” and were given a chance to improve their systems.
- Cannabis cultivation, manufacturing, and processing have potential to strain **utilities and natural resources**. Local governments can mitigate these concerns through code enforcement, pricing structures, and public education about best practices and regulations.
- Local governments can also regulate elements such as signage, fencing, size, or location of businesses to limit cannabis industry influence on **aesthetics** of the natural and built environment.