

**REPORT OF THE MARIJUANA COMMITTEE
PLANNING COMMISSION,
VILLAGE OF THREE OAKS, MICHIGAN**

December 2019

BACKGROUND

THE MICHIGAN MARIJUANA REGULATION AND TAXATION ACT

The Michigan Marijuana Regulation and Taxation Act was passed November 6, 2018 and became effective December 6, 2018. The Act was intended to:

- Prevent arrest and penalty for personal possession and cultivation of marijuana by adults 21 years of age and older.
- Remove the commercial production and distribution of marijuana from the illicit market.
- Prevent revenue generated from commerce and marijuana from going to criminal enterprises and gangs.
- Prevent the distribution of marijuana to persons under the age of 21. (Source Michigan Municipal League)
- Prevent the diversion of marijuana to illicit markets.
- Ensure the safety of marijuana and marijuana infused products.
- Ensure the security of marijuana establishments. (Source: Michigan Municipal League).

The immediate effects of the law authorizes individuals age 21 and over to openly possess a

small amount of marijuana (2.5 oz.) and possess and grow larger amounts of marijuana at their residence, and the establishment of a regulatory framework to control the commercial production and distribution of marijuana. The Michigan Department of Licensing and Regulatory Affairs (LARA) is required to promulgate rules effective one year from the effective date of this Act.

THREE OAKS OPTED OUT

The Village of Three Oaks has acted to “opt out” of the legislation, which means that no recreational marijuana establishments shall be permitted within the Village at this time. The Council could decide to change its position after LARA has issued regulations and/or after receiving the report from the Village Planning Commission, which is intended to help the Council make an informed decision.

REQUEST FOR COMMITTEE

At the time of their action, the Village Council requested the Planning Commission to study the issue and report their findings to the Village Council as to future actions in permitting recreational marijuana establishment in the village, with a report due to the council by January 1, 2020.

MARIJUANA COMMITTEE

MEMBERS

Gene Svebakken (chair)

Chair of Planning Commission

Pat Breen

Principal, River Valley High School

Pat Mullins

Three Oaks resident and business owner

Colleen Newquist

Village Council liaison

Angela Reichert

Member, Three Oaks DDA

Brendan Wagner

Three Oaks resident

Rob Woerdehoff

Member, Planning Commission

The original members of the committee appointed by the Planning Commission included Planning Commission member Darlene Heemstra as chair, as well as Three Oaks resident Hank Binswanger and Jim Wisley, assistant principal of River Valley High School. After their resignations for personal and professional reasons, Gene Svebakken, chair of the Planning Commission, assumed responsibilities of chair. Binswanger was replaced by Pat Mullins, and Wisley was replaced by Pat Breen.

PURPOSE

The purpose of the Marijuana Committee is to study the potential benefits and detriments of the Michigan Marijuana Regulation and Taxation Act, including community input to inform the Village Council as to whether to allow state licensed recreational marijuana

establishments within the village, and the potential impact if the village were to opt in.

PROCESS

The Committee met monthly from April 2019 through November 2019 and considered the following questions, with individual members facilitating the discussion at each meeting:

- What would be the negative and positive impacts of allowing state-licensed recreational marijuana establishments in the village?
- What are nearby communities doing regarding this legislation and what has been the outcome? What do their actions mean for our village?
- What would be the economic the impact of marijuana establishments in our village?
- How would such establishments affect the image and branding of the village?
- What would be the effect of such establishments on the duties and responsibilities of law enforcement?
- What is the position of downtown business owners regarding the presence of recreational marijuana establishments in the downtown area?
- If “opting in” were recommended, what new zoning ordinances would be required?
- What is the thinking of the Three Oaks community, as assessed through a community input meeting?

FINDINGS

ECONOMIC IMPACT

Michigan is the second-largest medical marijuana market in the nation, which leads forecasters to believe it will also be one of the largest markets in the country for recreational marijuana. The market is expected to exceed \$1 billion once it expands to recreational licensing.

A look at other states:

A 2016 study in Colorado by the Marijuana Policy Group LLC, a consulting and research firm focused on the cannabis industry, showed there is \$2.40 in economic activity for every dollar spent on legal marijuana.

LICENSING

Municipalities may charge nonrefundable licensing application fees up to \$5,000, renewable annually. Municipalities cannot just automatically charge the maximum, however; the fees have to be justified.

Six categories of licenses have been established:

- Cultivators
- Processors
- Testing facilities
- Secure transporters
- Retail stores
- Microbusinesses (which allows growing up to 150 plants, plus the processing, packaging, and selling of products derived from those plants)

TAX REVENUE

Sales in Michigan through retail stores and microbusinesses will be subject to a 10% excise tax, paid by retailers, in addition to the standard 6% sales tax, paid by the consumer.

The excise tax revenue will be distributed as follows:

- First to fund the initiative's implementation, administration, and enforcement
- For at least two years or 2022, provide \$20 million each year to research on the effectiveness of marijuana for treating medical conditions of US armed services veterans and preventing veteran suicide

Of the remaining revenue:

- **15% to municipalities with a marijuana retail store or microbusiness**
- 15% to counties with a marijuana retail store or microbusiness
- 35% to the school aid fund to be used for K-12 education
- 35% to the state transportation fund for the repair and maintenance of roads and bridges

Only municipalities that allow retail stores and microbusinesses will benefit from the excise tax.

Municipalities will receive money based on the number of recreational businesses, but the specifics

of that distribution are unclear at this time. [NOTE: Michigan State Extension is researching this for us and will get back to us.]

The Senate Fiscal Agency estimates the 10% excise tax will generate:

- \$53.8 million in 2019-20
- \$100.7 million in 2020-21
- \$149.9 million in 2021-22

To date, 127 of the state's 1,773 communities have opted in to allowing recreational marijuana businesses. This could potentially mean higher tax revenue for communities that opt in early, versus communities that choose to opt in later.

A look at other states:

- Marijuana tax revenue has increased year over year for every state that has legalized recreational marijuana. However, in California, which had a robust medical marijuana market, legalizing it in 1996, sales fell for 2018, the first year recreational was legalized.
- Across Colorado, the rollout of recreational marijuana sales raised tens of millions of dollars annually to tackle a litany of local concerns — from main street makeovers in cash-strapped small towns to addressing Denver's housing affordability crunch.
- One Colorado county used its cannabis sales taxes to award \$1.5 million in four-year college scholarships to 114 low-income students.

JOB CREATION

ZipRecruiter puts the number of cannabis jobs nationwide at 200,000 to 300,000. While some jobs like plant-trimming and "budtenders" are on the lower end of the pay scale, according to Glassdoor, 53% of marijuana-industry job openings are now for professional and technical roles.

In Bangor, Michigan (pop. 1,800):

- The Green Door, owned by Mark Smith of Sawyer, has 12 employees at its medical marijuana provisioning center; all positions are full-time, and all will have insurance benefits starting in 2020.
- Smith also operates a marijuana growing operation, and currently employs 7 people, with plans to employ 23-25. His plant manager makes six figures. He currently operates one plant that cost \$1.8 million to build, and is building a second plant at a cost of \$2.3 million.
- Herbology, a chain provisioning center, has 9 employees, a mix of PT and FT. The manager is a licensed pharmacy technician.

A look at other states:

- The marijuana industry created 18,000+ full-time equivalent jobs in Colorado in 2015, the year that recreational marijuana became legal.

HOME VALUES

A study from real-estate marketing firm Clever showed home values increased nearly \$23,000 more between 2014 and 2019 in cities that allow retail cannabis dispensaries to set up shop, compared with cities where recreational marijuana was illegal.

A look at other states:

- In Colorado, the home values in some cities that had at least one dispensary increased at nearly double the average rate nationally.

HEALTH AND SAFETY SERVICES

There is a potential negative impact on health and safety services.

- More patients are showing up in emergency rooms with physical or psychological symptoms from using marijuana or commercial cannabis products.
- Marijuana has vastly higher concentrations than in the past and is more likely to cause psychiatric complications in terms of psychosis, agitation, and paranoia.
- People consuming marijuana in edible forms can take too much if they don't know the levels or consider the levels they're taking.
- Because it is still considered a controlled substance at the federal level, the potential for research and development of universal standards is limited.
- One report found that for every dollar Colorado earns from legal weed, the state is spending \$4.50 to combat public health and safety issues.

LIQUOR SALES

There is a potential negative impact on liquor sales.

- A study from Georgia State University found that alcohol sales fell by 15% in states where only medical marijuana had been legalized and by 20% in counties where recreational marijuana is sold legally.
- However, the states made more than enough revenue back from marijuana sales, since marijuana taxes are typically greater than alcohol taxes.

CHALLENGE

- Recreational marijuana is still in its infancy as an industry, and the long-term economic benefits are difficult to assess.

IMPACT ON VILLAGE IMAGE / BRAND

DOWNTOWN BUSINESSES

Forty business owners were contacted for their input. The response from downtown merchants was overwhelmingly positive. A marijuana retail store or microbusiness in the village could contribute to creating a more robust year-round tourism economy.

Comments from merchants:

- "I am a 10,000% advocate, it's time to move into the 21st century."
- "We would like to change our existing business to a dispensary, but keep it within the character of the village."

- “We are supporting it and would like to attend meetings.”
- “The state voted and we need to move forward.”
- “Limit the number of licenses, and dispensaries should keep in character of the town”
- “I am for looking into all aspects of marijuana for our community.”
- “One of Three Oaks’s strengths and one of the things that makes us special and unique is our small businesses. Among the varieties of marijuana-related businesses, it is important that microbusinesses be considered.”
- “Our community could use the tax revenue.”
- “I would hate our community to miss out on the revenue.”

In Buchanan, Michigan (population 4,300):

- When asked about the Zen Leaf medical provisioning center in a storefront location downtown, the general response from merchants was, “They are invisible.”
- Buchanan merchants report an increase in store sales, noting no negative issues.
- A group of Buchanan merchants stepped up to research ordinances from other parts of the state with marijuana-related businesses and assisted the city in writing ordinances that would benefit the downtown area.
- They are willing to share information and strongly suggested having a well-versed marijuana attorney to assist with writing ordinances.

TOURISM

While individual opinions vary as to whether cannabis is a deterrent to tourism, research suggests a more neutral-to-favorable impact.

- The fastest growing demographic of marijuana users are seniors. Consumers of marijuana in the 50-plus age group grew by 25 percent last year. Baby boomers spend more on marijuana than any other age demographic. This bodes well for Three Oaks, which attracts an older demographic for tourism.
- Local government leaders in communities allowing commercial cannabis activities observed entrepreneurial operators tapping into tourism interests.
- Many of the states that have legalized recreational cannabis are home to craft-oriented beer and/or wine production, which some view as complementary to high-quality, locally produced cannabis.
- Cities and regions have also seen a rise in “green tourism” services such as taxis/limousines and travel/tour agencies.

A look at other states:

- Among nonresidents visiting Colorado in the year of this study, 47 percent said that legalization of marijuana positively influenced their consideration of states to visit.
- Another study commissioned by the Colorado Tourism Office estimates that 15 percent of Colorado tourists engaged in a marijuana-related activity during their visit, with a third of those citing that activity as a motivation for their trip.

TRAFFIC

Predicting traffic impacts of commercial cannabis activities is an issue to be considered.

A look at other states:

- One Seattle community, for example, noted slightly more intense circulation and parking demand than anticipated. Their city manager noted, “In terms of trip generation, retail marijuana is similar to fast food in some ways. It’s fairly constant traffic.”

LAW ENFORCEMENT

LEADERSHIP VIEWPOINTS

Three law enforcement officials attended the October meeting of the Marijuana Committee to share their viewpoints:

Denny Buller, Three Oaks Police Chief

Although Chief Buller welcomed medical marijuana to Michigan because it helps people with cancer and other illnesses, he worries about the effect of recreational marijuana on kids, citing edibles and vaping in particular. He shared several handouts of articles that highlight the negative impact of marijuana. “We have a thriving community with upper middle class people coming here every weekend,” he said. He doesn’t want to see the village “go back to the ’70s,” when the drinking age in Michigan was lowered to 18, which brought an undesirable element from other states into town. He said that businesses are thriving and Three Oaks is “a nice town to come to.” He doesn’t want to see marijuana businesses bring it down. He also shared recent articles pointing to a rise in black-market marijuana in states where it is legal. *See Impact on Crime below.*

Rich Killips, New Buffalo Police Chief

Chief Killips said that New Buffalo has opted out, but since recreational marijuana is legal, a few things have changed. He noted that there have been some complaints about odor from those who are growing at home, but that nothing can be done, since it’s legal. He said laws haven’t really caught up with legalization yet. He also noted that although drivers may be impaired from marijuana, police don’t yet have ways to test for impairment. “We have no idea what effect it [recreational marijuana] will have on the community. The fact is, it’s still illegal at the federal level,” he said.

Todd Taylor, Chikaming Township Police Chief

Chief Taylor said he is open to being educated on the subject. He said there are no statistics pointing to an increase in crime since marijuana was legalized; there are no such statistics available. Chikaming Township has opted out of marijuana sales.

In Bangor, Michigan (pop. 1,800; five FT officers including chief):

Committee members Reichert and Newquist met with Bangor police chief Tommy Simpson.

According to Simpson:

- Bangor has two medical marijuana dispensaries in town. The Green Door, which is locally owned and operated, has been operating for two years, and Herbology, a chain with its headquarters in Chicago, has been open since June 2019. Simpson said the police have had no issues with either.
- The Green Door held a 420 festival, which celebrates marijuana and allowed consumption in a designated area. The festival drew several thousand people, and not a single incident was reported. Proceeds from the event were used to purchase and donate new bullet-proof vests to the police department.
- Not one incident of impaired driving due to marijuana has been reported.
- In his opinion, marijuana has been a better alternative to alcohol or to opioids, which is a problem in the Bangor area.
- In his 18 years on the police force, he has never encountered domestic violence due to marijuana use, but many related to alcohol use.

IMPACT ON CRIME

Although claims have been made that legalizing recreational marijuana increases or decreases violent crimes, depending on the source, a new university study analyzing crime rates, based on FBI statistics in Colorado and Washington, finds that legalized recreational marijuana has had little to no effect on the number of violent and property crimes. The report only looked at violent and property crime, however; for example, driving under the influence wasn't included.

When it comes to marijuana being sold illegally in states where it has been legalized, however, it does appear that in some cases the black market has been fueled, rather than eliminated. This is largely due to the expense of legal marijuana in states with high excises taxes and fees, as in California and Massachusetts (a reason why Michigan's tax is among the lowest) and to an overabundance of product, which is making its way to neighboring states, as is the case with Oregon.

IMPACT ON HEALTH AND WELLNESS

TEENS

Recreational use of marijuana in Michigan is legal for adults ages 21 and over, the same as alcohol. There are concerns by the police chief, school officials, and some residents, however, about the impact of the availability of marijuana on teens. Our research reveals conflicting information regarding the impact on teen use in states that have legalized recreational marijuana.

A 2017 study in *JAMA Pediatrics* comparing teen marijuana use in states with and without legalization shows that medical marijuana laws don't appear to influence teen use. Recreational marijuana laws, however, were associated with a 9 percent decrease in teens reporting frequent use. Reduced supply may explain why, the authors said, explaining that it may be more difficult to obtain marijuana as pot dealers are replaced by licensed dispensaries.

A 2018 study by the Rocky Mountain High Intensity Drug Trafficking Area, however, showed that in Colorado, where recreational marijuana was legalized in 2012:

- Past month marijuana use among teens increased 45 percent in comparing the three-year average prior to recreational marijuana being legalized to the three years after legalization

- Past month marijuana use for ages 12 and older is ranked 3rd in the nation and is 85 percent higher than the national average
- When comparing the three years prior to legalizing recreational marijuana to the average of three years after the legalization, youth marijuana use increased 5 percent and is 54 percent higher than the national average, ranked 7th in the nation.

IMPAIRMENT

The aforementioned report also cited a 32 percent increase in marijuana-related traffic deaths in one year after retail marijuana businesses began operating in Colorado and a 32 percent increase in the number of marijuana-related emergency room visits.

ADDICTION

A 2015 study published in *JAMA Psychiatry* shows an increase in marijuana-use disorders (abuse or dependence) from 2002 to 2013, which is attributed to an increase in marijuana use. While the number of users increased, the prevalence of developing a marijuana-use disorder did not. According to the National Institute on Drug Abuse, about 9 percent of people who use marijuana will become dependent on it.

At fewer than 1 in 10 users, marijuana's estimated rate of addiction is lower than cocaine and alcohol (15 percent) and heroin (25 percent), according to research by the Pew Foundation. Unlike opioids and stimulants, marijuana dependence tends to develop slowly: Months or years may pass before debilitating symptoms begin to negatively affect the average dependent user's life.

Unlike alcohol, opioids, or other drugs, there are no known reports of anyone dying of a marijuana overdose.

COMMUNITY ENGAGEMENT

The Marijuana Committee meetings were heavily attended. While the July meeting was devoted to public input, community members attended and voiced opinions at every meeting. Although a handful of residents voiced concern and displeasure at the prospect of marijuana businesses in the village, the overwhelming majority of comments were in favor of marijuana businesses. Unfavorable comments include the concerns of former committee member Jim Wisely and current member Pat Breen, who have expressed concern about the potential impact on children, especially teens. *See Recommendations regarding referendum.*

Given the largely positive opinions of residents, expressed at committee meetings and elsewhere, regarding whether to allow marijuana-related businesses in Three Oaks, it is highly likely that citizens will initiate a ballot proposal if the Three Oaks Village Council continues to opt out. The Village Council may continue to opt out, decide to opt in, or let a citizen-initiated ballot proposal decide the issue in March. A citizen-initiated ballot can propose the types and numbers of establishments to allow in the village. *See Appendix for comments.*

RECOMMENDATIONS

The Village Council can decide whether to opt in to medicinal or recreational marijuana, or both. If medicinal, an ordinance needs to be written that opts in, since that is a default opt-out law. If recreational, the opt-out ordinance needs to be rescinded, and we recommend writing a new ordinance with specifics.

If the village opts in, an ordinance will need to be developed that specifies the types and numbers of businesses allowed. Sample ordinances can be found at <http://www.mml.org/resources/information/mi-med-marihuana.html#recmarijuana>.

If creating an ordinance, we recommend:

- **Engage an attorney** who specializes in marijuana businesses to advise on the development of such an ordinance.
- **Solicit input and feedback from representative community members** (such as merchants, school leaders, engaged citizens, and prospective marijuana business owners) to create an inclusive process in developing an ordinance.
- **Create an advisory committee** regarding licensing to promote community engagement in the licensing process.
- **Give preference to local ownership** of all marijuana-related businesses: first to Three Oaks village and township residents, then to Berrien County residents and the state of Michigan residents.
- **Give preference to independent businesses** and avoid granting licenses to national chain businesses, to retain the character of the downtown.
- **Allow no more than two** dispensaries/retail operations or microbusinesses in the village, with no more than one in the downtown district and no more than one in the Highway 12 corridor, based on recommendations from the state regarding the number of licenses relative to population, and with the understanding that such an ordinance may change over time.
- **Consider a point system for awarding licenses**, including such factors as local ownership and prequalification from the state.
- **Explore whether the ordinance can state how excise tax revenue is to be used**, as that may be something the Village Council will want to specify.
- **Dedicate a portion of the excise tax to providing drug education** for children and adults.
- **Develop zoning regulations** and/or update existing zoning regulations to best regulate signage and parking.

APPENDIX

COMMUNITY COMMENTS

In favor of marijuana business

- **Three Oaks business owner and resident**

We should be trying to encourage businesses. 60 percent of people in Three Oaks voted for recreational marijuana. Businesses want to start here. Should we be denying businesses based on personal likes and dislikes? If he doesn't like art galleries, should we ban those? We need to make sure businesses fit in, we need to make sure we have proper planning and zoning regulations so they look nice and fit it aesthetically. It's a legal business, why should we not allow it?
- **Three Oaks township resident**

Marijuana is here to stay. Let's take it out of hands of the criminal element and put it in the hands of a regulated system. This community wants to grow. People are going to come here if they have good jobs. We can do this the right way. To vote against it hands it to the criminal element.
- **Three Oaks resident**

It would be great to have a dispensary in town. It's a good idea.
- **Three Oaks business property owner and attorney for cannabis businesses**

Owns the building across from Speedway on Rt. 12. He is also an attorney who has worked with cannabis businesses. He is very familiar with the stigma associated with it for clients. His clients generate revenue equivalent to an Apple store. They create tax revenue and job base. All the businesses he works with also have community outreach—financially supporting drug enforcement officers, for example—and contributing positively to the community in many ways. Marijuana businesses have a positive impact on communities and are good corporate citizens.
- **Three Oaks resident**

Very much in favor of cannabis businesses. People will use cannabis whether we want them to or not. Regarding teen use, research shows that teen use has declined where recreational marijuana is legal. Having legal shops takes it out of the black market. Shops are more regulated. Three Oaks has small shops with handcrafted items; a microbusiness would fit in. He also pointed out that drunk driving arrests declined in Colorado after legalization of recreational marijuana, and addressed the fear that marijuana can be a gateway drug by saying it's more likely to happen with the black market, when dealers are selling more than marijuana.
- **Three Oaks resident**

Supports marijuana businesses, hopes the village allows it.

- **Three Oaks business owner and resident**
 Visited store in California—it was very professional, had chandeliers, looked like Marshall Fields. He’s all for it. As a new business owner, would like to see it in town, especially if done nicely.
- **Three Oaks resident**
 Works at the Michigan visitor center on I-94 and people want to know where they can buy marijuana. Buchanan is taking the lead on this. It’s good for jobs and it’s good for tourism. We don’t want people going past Three Oaks to Buchanan.
- **Three Oaks resident**
 Her husband, a recovering alcoholic who recently passed away, expressed concern that it would lead to addiction. After discussing the issue and learning more, he ultimately said, “I think we need to do this.” She agrees.
- **Three Oaks resident**
 In favor. He views marijuana as medicine. He discussed the cannabinoid system and why it’s considered medicine. The only negative he has heard is around kids. He pointed out that pharmaceutical overdoses can kill kids, alcohol overdose can kill kids, but no amount of marijuana can kill a kid.
- **Three Oaks resident**
 Recreational marijuana is the wave of the future, it’s already here. He pointed out that it is not a habit-forming substance, and that dispensaries are heavily regulated. The responsibility for whether a child uses marijuana falls to the parent. It is up to the parent and their parenting style to determine that. For Three Oaks to punish people who are trying to open a business is a short-sighted. Why not allow and regulate business, and gain financially?
- **Three Oaks resident**
 Since it is legal, shops are going to open, if not in Three Oaks, then elsewhere. We need to decide how to regulate it. In Colorado, shops are not seedy, they are very profitable and attract an upscale clientele.
- **Three Oaks resident**
 By opting out, Three Oaks loses the opportunity as a village to benefit. By opting in, we can have control over the businesses and receive the benefits.
- **Three Oaks resident**
 Thinks Three Oaks could be at the forefront of setting standards, building parameters and showing how to do it right. Businesses could thrive and flourish here.
- **Three Oaks resident**
 Suggested that we send letters to legislators to legalize it at the federal level. Compared situation to Prohibition and its failure. Pointed out that we wouldn’t vote Three Oaks dry today. He said that with legalizations we have regulation of product, more purity of product, that with black market, you don’t know what you’re getting.

Opposed to marijuana businesses

- **Union Pier resident**

Not in favor of making pot more accessible; cited issues with teens and costs of drug enforcement officer. Said it is against federal law, and she is opposed to anything that is against federal law. Chikaming Township voted against because it is a nuisance.

- **Three Oaks resident**

Grew up in New Buffalo, raised kids in Three Oaks. He only has heard about the financial benefit, but we've survived all this time. Voted for the medical aspect, has a child with seizures. He is upset though that when his kids went to the fireworks, they were offered "dope" next to Keifer's. Three Oaks has had two heroin overdoses recently, and one was a death. People who come here to visit "smoke dope" on the street. He 100 percent disagrees with bringing marijuana businesses to town for the financial benefit.

- **Unidentified female resident**

Strong opposition to any type of marijuana businesses in Three Oaks, citing how this would change the "charm" of the village and would cause people such the speaker to move from town. This person also said that marijuana businesses would bring in more people from Illinois, referencing such people in slang and derogatory language.

For source articles and reports and other information, visit tiny.cc/marijuana.

**APPROVED BY MARIJUANA COMMITTEE
November 19, 2019**

**APPROVED BY PLANNING COMMISSION
December 10, 2019**