A Blueprint for Cannabis Regulation:

Lessons Learned from Alcohol

CASSANDRA GREISEN, NABCA

NATIONAL PREVENTION NETWORK CONFERENCE AUGUST 27-29, 2019 CHICAGO, IL



National Prevention Network Conference | August 28, 2019

TODAY'S AGENDA

10:00 - 10:05am

I. Welcome & Overview

10:05 - 10:20am

II. History of Alcohol Regulation

10:20 - 10:40am

III. Current Trends in Regulation

10:40 - 11:00am

IV. Connecting Alcohol & Cannabis Regulation

11:00 - 11:15am

V. How Prevention Gets a Seat at the Table

11:15 - 11:30am

VI. Lessons Learned





NABCA

NATIONAL ALCOHOL BEVERAGE CONTROL ASSOCIATION

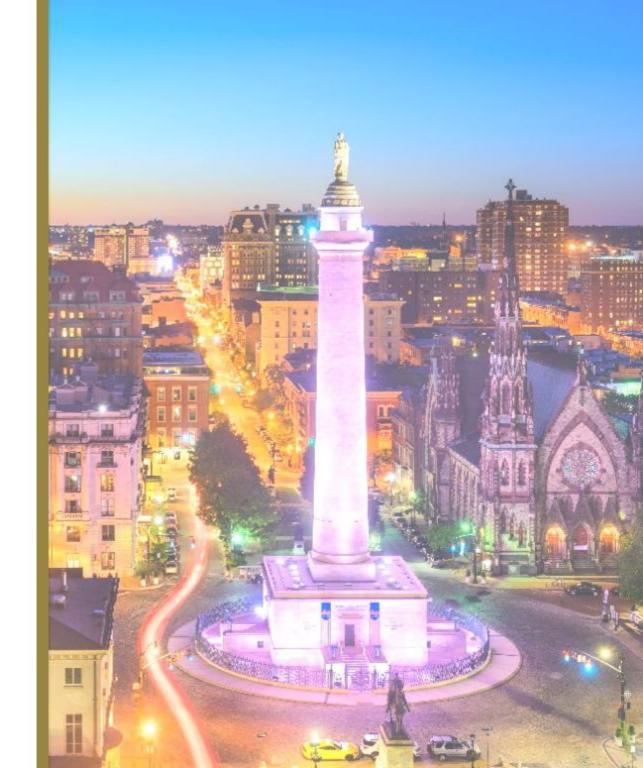
- Established in 1938
- Represent "Control Systems" jurisdictions with direct role in sale cycle (wholesale and/or retail)
- Not an advocacy or lobbying organization
- Not a beverage alcohol industry organization

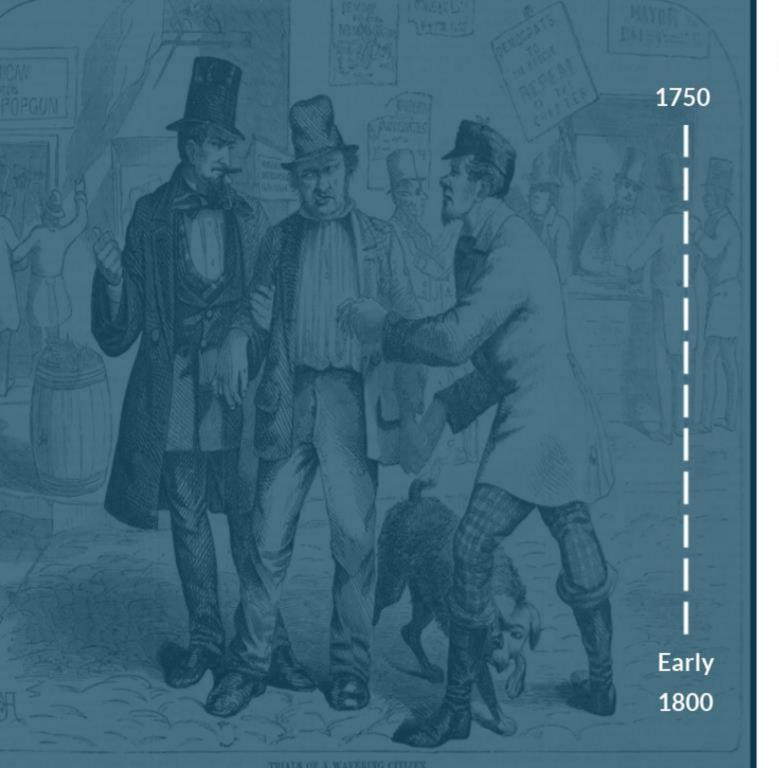
Cassandra Greisen

Manager of Pubic Policy National Alcohol Beverage Control Association

- Nebraska Project Extra Mile
- Johns Hopkins Bloomberg School of Public Health
- JHU Center on Alcohol Marketing and Youth
- Maryland Collaborative to Prevent College Drinking
- Baltimore Good Neighbors Coalition

Connecting public health, prevention and regulation







European Immigrants brought heavy drinking culture (and their products) with them.



Alcohol was considered "healthy" and consumption was very high, nearly twice the consumption rates of today, according to some historians.



Workers often had breaks at 11 am and 4 pm for alcohol (usually some form of hard liquor).

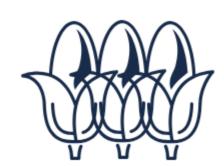


Alcohol was often a necessary incentive to get elected. Even George Washington supposedly lost an election because he failed to provide alcohol to prospective voters.

1750

ALCOHOL WAS AN IMPORTANT COMMODITY FOR THE ECONOMY

It quickly became patriotic to switch from drinking rum (an import) to whiskey!



Corn Surplus

In the early days, areas west of the Appalachians had a surplus of corn.



No Transportation

No methods to transport agricultural products...no good roads, no railroads, no water transportation.



Solution - Whiskey

Corn was turned into whiskey and easily transported to the heavy drinking populations in the East.

Early

1800

Lack Of Regulation Fostered The Saloon

System

Social evils were attributed to "an inadequately regulated and overstimulated retail sale."



1800s-1900s

German immigrants arrived with their taste for beer and brewing skills. Beer became drink of choice and alcohol was sold primarily in saloons



Tied Houses

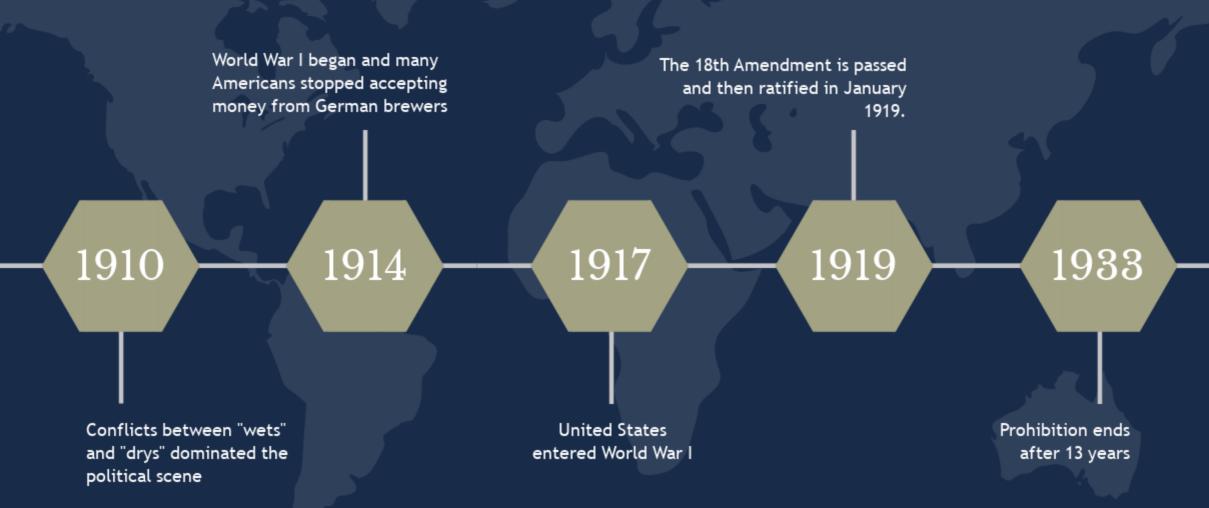
Most saloons were "Tied Houses" which meant they were owned by a brewer who required exclusive sales of their beer brand.



Intense Competition

Saloons were hyper-competitive and used inducements such as gambling, prostitution and other methods to maximize sales.

STATES STRUGGLE TO FIND AN ANSWER TO THE "ALCOHOL PROBLEM"



POST-PROHIBITION AMERICA



States had little expertise in alcohol regulation



Relied on a large study financed by John D. Rockefeller called "Toward Liquor Control"



Researchers interviewed over 400 leaders from all walks of American life

RAYMOND B. FOSDICK AND ALBERT L. SCOTT

TOWARD LIQUOR CONTROL

Toward Liquor Control

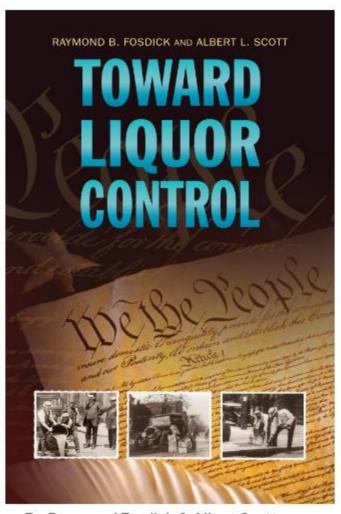
Blueprint for State Regulatory Systems

Reduce Aggressive Sales Tactics

Reduce aggressive sales tactics such as incentives to consume in high volume

Prevent Vertical Integration

Prevent "vertical monopolies" where one tier dominates the others



By Raymond Fosdick & Albert Scott

Restrict Outlet Density, Hours & Days of Sale

Curtail public order problems using outlet density restrictions and limits on days and hours of sale

4 Place More Limits on High ABV Products

Place greater restrictions on high alcohol content products

CONTROL SYSTEM



State owns part of the alcohol business; usually the wholesale or retail operation

LICENSE SYSTEM

Private owners sell alcohol at both retail and wholesale levels

SIMILARITIES BETWEEN CONTROL AND LICENSE SYSTEMS

License everyone who sells alcohol

Enforce laws to reduce underage and excessive drinking

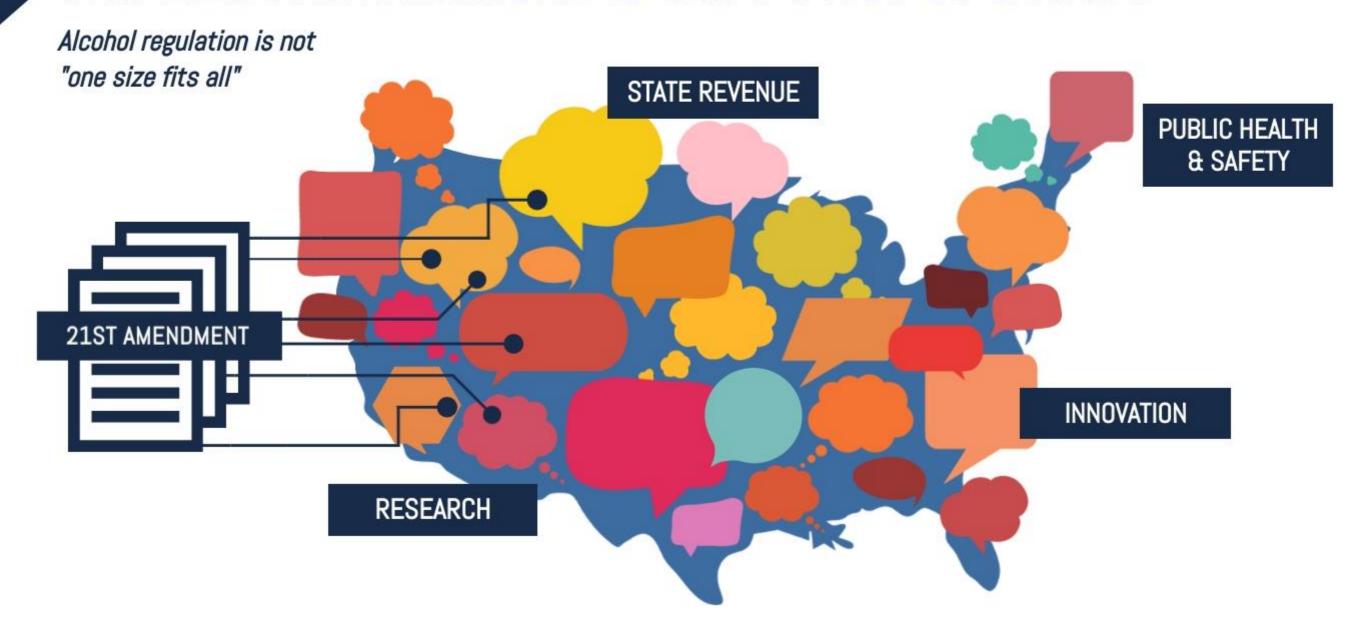
Regulate days/hours of sale, location of premises, and density of outlets

Require products to flow through a closed, 3-tier system



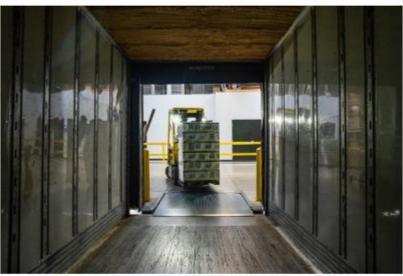
The Fundamentals of Alcohol Regulation

The 21st Amendment & the Power of States



THE 3-TIER SYSTEM: ALCOHOL







Producers

Wholesalers

Retailers

THE SEED-TO-SALE SYSTEM: CANNABIS







Producers

Processor

Retailers

PILLARS OF ALCOHOL REGULATION

Protect public health & safety

Ensure efficient tax/revenue collections

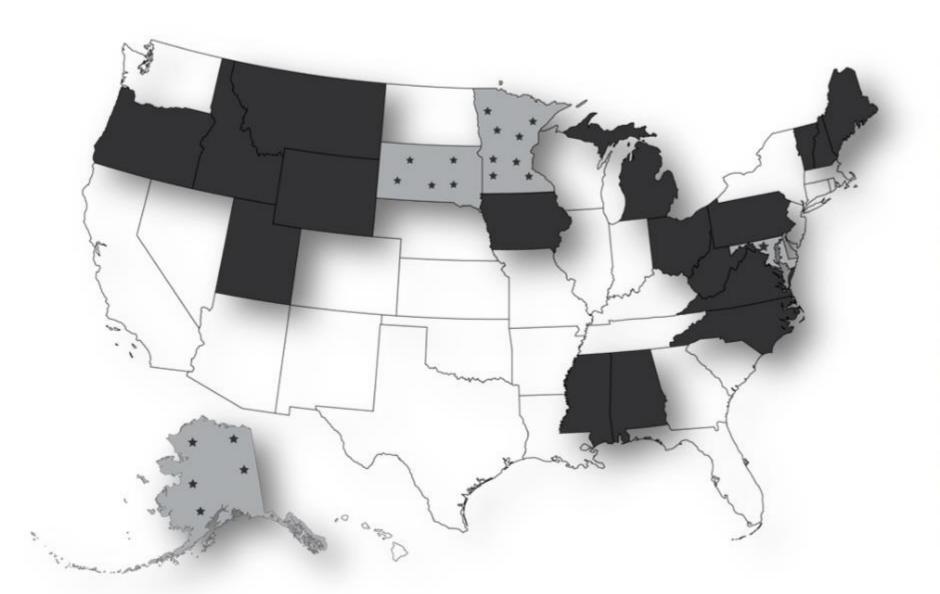
Eliminate unfair or illegal marketing practices

Balance interests



The three-tier system prevents the return of 'tied houses,' ensures efficient tax collection and creates a tracking system to easily remove tainted products from the market

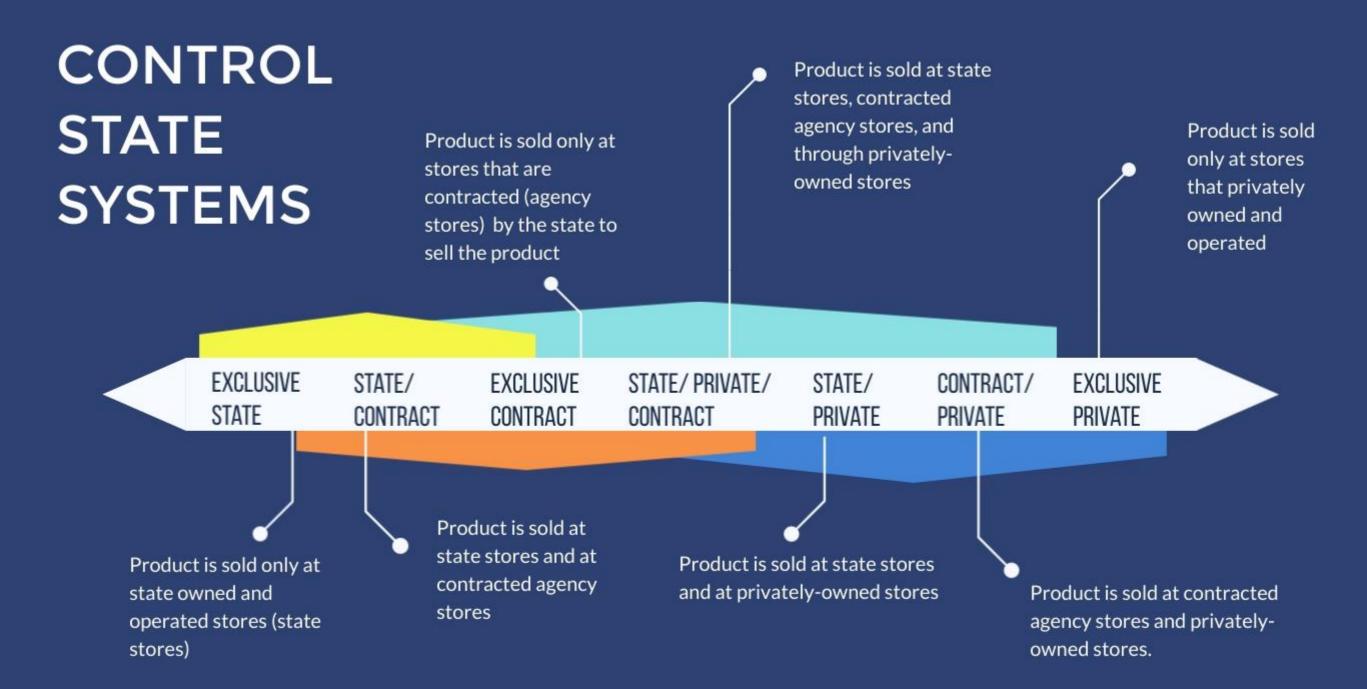
CONTROL SYSTEMS IN THE UNITED STATES



- Alabama
- lowa
- Idaho
- Maine
- Maryland (Montgomery County)
- Michigan
- Mississippi
- Montana
- New Hampshire
- North Carolina
- Pennsylvania
- Ohio
- Oregon
- Utah
- Vermont
- Virginia
- West Virginia
- Wyoming

CONTROL SYSTEMS AROUND THE WORLD





^{*} May sell other beverage categories (e.g., wine, beer)

Cannabis Regulation Ripe for Study

The 14 P's of Cannabis Decision-making

To be profitable, most firms will need to maintain and encourage heavy use of their products.

costs of production will also decrease.

Production

Policing & Enforcement

The type of agency tasked with Power to Regulate cannabis regulation will determine the lens with which policies are crafted.

As the risk of production decreases,

Jurisdictions will need to determine whether advertising will be permitted and if so, which kinds.

Prevention & Treatment

Jurisdictions will need to decide whether to devote additional resources to prevention and treatment services (and how to do so).

Legalization will not eliminate policerelated cannabis contacts as additional types of enforcement efforts will likely be necessary.

Penalties

Profit Motive

Promotion

Jurisdictions must decide whether they will change the penalties for those convicted of a cannabis offense post-legalization.

Kilmer B. How will cannabis legalization affect health, safety, and social equity outcomes? It largely depends on the 14 Ps. Am J Drug Alcohol Abuse. 2019 Jul 2;:1-9.

Jurisdictions must also determine Prior Criminal Records how to address the records of those who were convicted of cannabisrelated offenses that are now legal. Stores in California have already **Product Types** reported selling over 500 different products. Jurisdictions must decide how to regulate the safety of Jurisdictions must decide whether to Potency 10 products available in their states cap the potency on products and/or with very little research to rely on. how to discourage the purchase of high-potency products. Jurisdictions will need to develop protocols for testing and Purity labeling products which address concerns for consumer health, worker health, and environmental consequences. Many aspects of the retail environment will be shaped by the Price post-tax retail price of cannabis after legalization and the intricacies of how that tax is levied. If jurisdictions decide to legalize Preferences for Licenses and license commercial activity, regulators must decide who can apply for licenses and how None of the changes made to cannabis policy need to be Permanency licenses will be distributed. permanent; however, privatizing the industry could make

policy changes post-legalization much more difficult.

Kilmer B. How will cannabis legalization affect health, safety, and social equity outcomes? It largely depends on the 14 Ps. Am J Drug Alcohol Abuse. 2019 Jul 2;:1-9.

CANNABIS LEGALIZATION ACROSS FOUR CANADIAN PROVINCES

APPROACHES FOLLOWING FEDERAL LEGALIZATION



Watson et al., Journal of Substance Use and Misuse, May 2019

CANNABIS LEGALIZATION ACROSS FOUR CANADIAN PROVINCES

QUEBEC

ONTARIO

ALBERTA

BRITISH COLUMBIA

LEGAL AGE

18 YEARS

19 YEARS

18 YEARS

19 YEARS

REGULATORY AGENCY

SOCIETE DES ALCOOLS DUE QUEBEC (SAQ) ONTARIO CANNABIS
RETAIL
CORPORATION

ALBERTA GAMING, LIQUOR, AND CANNABIS COMMISSION BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH (LDB)

RETAIL SYSTEM

SOCIETE QUEBECOISE DU CANNABIS, A SUBSIDIARY OF SAQ PRIVATE RETAIL

DESIGN IN

PROGRESS;

GOVERNMENT-RUN

ONLINE SALES VIA

ONTARIO CANNABIS

STORE

PRIVATE RETAILERS
WITH GOVERNMENTRUN ONLINE SALES

PUBLIC (UNDER THE LDB)
AND PRIVATE RETAILERS

Watson et al., Journal of Substance Use and Misuse, May 2019 CA Framework

DRUG POLICY

ALCOHOL & CANNABIS



Drug Policy Experts, including economists, criminologists and researchers, set out to identify a new framework for alcohol and cannabis regulation. The panel evaluated each different regulatory approaches on their effectiveness to minimize harm, protect individual rights and reduce motive for profit while optimizing economic revenue. From there the team assigned each regulatory scheme and drug a weighted score.

Source: Rogeberg et al. 2018

POLICY CRITERIA











Political



Economic Costs

ASSESSMENT



Expert panel assessed each regulatory scheme and drug, assigning a score ranging from 0 (least desirable) to 100 (most desirable) on each criteria

TYPES OF REGULATORY SCHEMES



PROHIBITION



DECRIMINALIZATION



STATE CONTROL



FREE MARKET

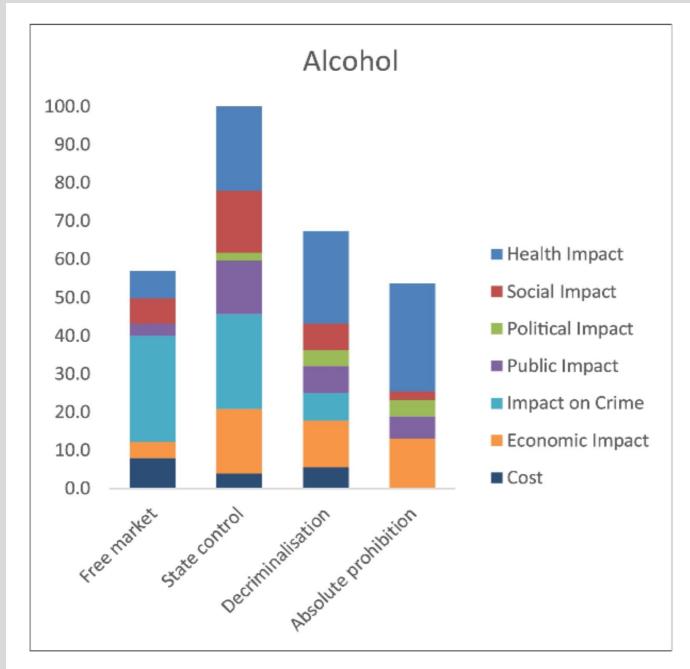


Fig. 1. Alcohol–Overall preference values across regimes. Displays weighted advantages.

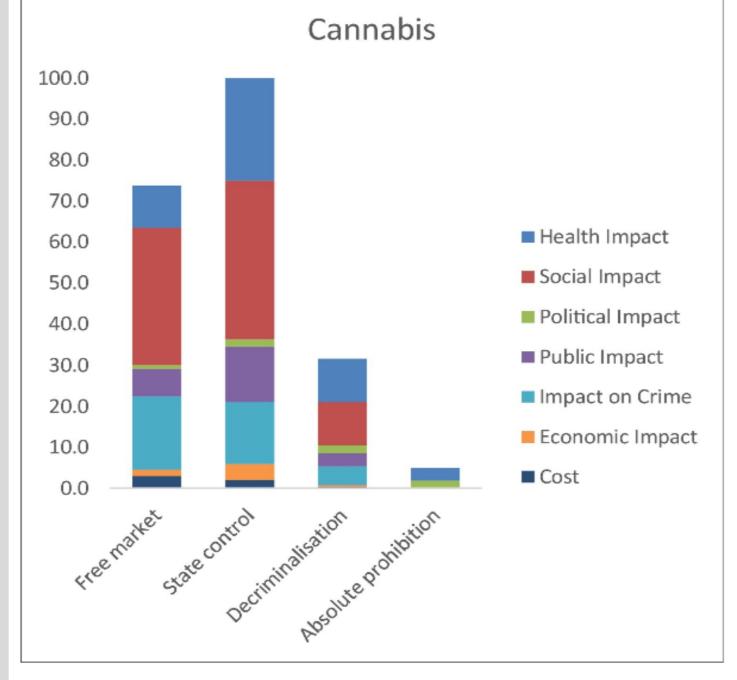


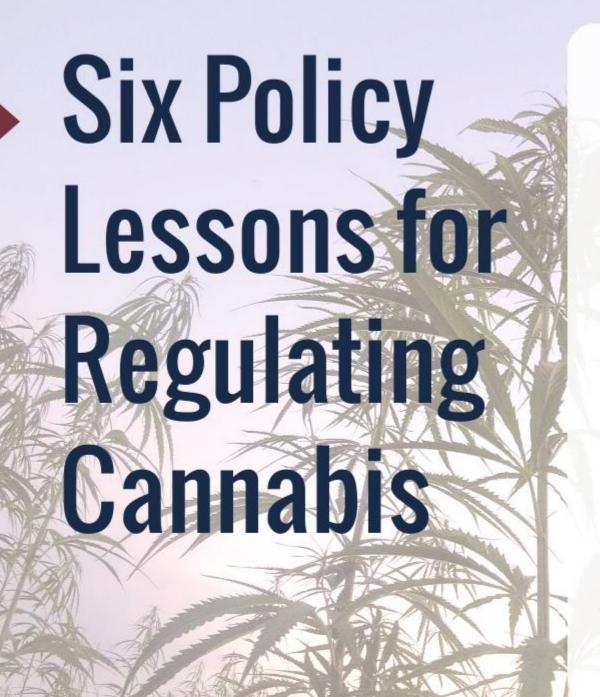
Fig. 2. Cannabis-Overall preference values across regimes. Displays weighted advantages.

RESULTS

STATE CONTROL APPROACH

The expert panel concluded that a state control approach to regulating alcohol and cannabis that allows for legal but regulated access provides the best approach to reduce the overall harm from their use in Western European societies.





- 1. Do not have a medical marijuana system that is not truly medical.
- 2. Protect science, regulation, and public health from corporate influence.
- 3. Cap the potency of cannabis products.
- 4. Price may be the most effective lever to promote public health.
- 5. Look beyond reducing marijuana arrests.
- 6. Facilitate rigorous research.

Shover & Humphreys, Am J Drug Alcohol Abuse, May 2019

Policies that Work and Current Trends in Alcohol



THE COMMUNITY GUIDE Guide to Community Preventive Services

What Works to Promote Health



EXPERT PANEL

6-12 person panel of prevention and public health experts with coordinating support from CDC



SYSTEMATIC REVIEW

Review of scientific studies, identify relevant studies, assess quality, summarize findings



EFFECTIVENESS

Identify implementation barriers, gaps in science and conduct economic evaluation



RECOMMENDATIONS

Based on the strength of the evidence of effectiveness in changing outcomes

STRATEGIES TO **PREVENT EXCESSIVE** ALCOHOL USE & RELATED HARMS



Holding alcohol retailers

accountable for injuries or

harms caused by underage

or intoxicated customers who were served alcohol.

Enforcement Laws

Increasing the frequency of

retailer compliance checks

for laws against the sale of

alcohol to minors.

Prohibiting Sales to minors

Limiting Alcohol Outlet Density

Applying state, county, city, or



Limit Days of Sale

Prevents excessive alcohol consumption and related harms by regulating access to alcohol, typically by targeting weekend days.



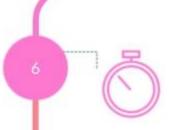


Alcohol Taxes

Increasing the price of alcohol by raising beveragespecific taxes at the state and federal level have proven effective in reducing consumption.

Prevent Privatization of Government Control

No further privatization of government controlled alcohol retail sales. Privatization results in increased per capita alcohol consumption, a wellestablished proxy for excessive consumption.



Limit Hours of Sale

Prevents excessive alcohol consumption and related harms by regulating the hours that alcohol can be sold.

U.S. Alcohol Control Policies

Research focused on building tools to compare the relative efficacy of policies and assess the strength of states' policy environments

National Institutes of Alcohol Abuse and Alcoholism (R01 AA018377; T.Naimi, PI)



POLICIES REVIEWED



Enforcement countermeasures

Compliance checks, dram shop liability, false ID laws, furnishing alcohol to minors, impaired driving countermeasures, place of last drink data collection



Regulatory oversight

Training for licensees, alcohol control systems, fetal alcohol spectrum disorders signage



Limits on place, products, price

Restrict consumption in public places, local control options, Sunday sales bans, direct shipment, outlet restrictions, retail and wholesale price restrictions,



Promotional restrictions

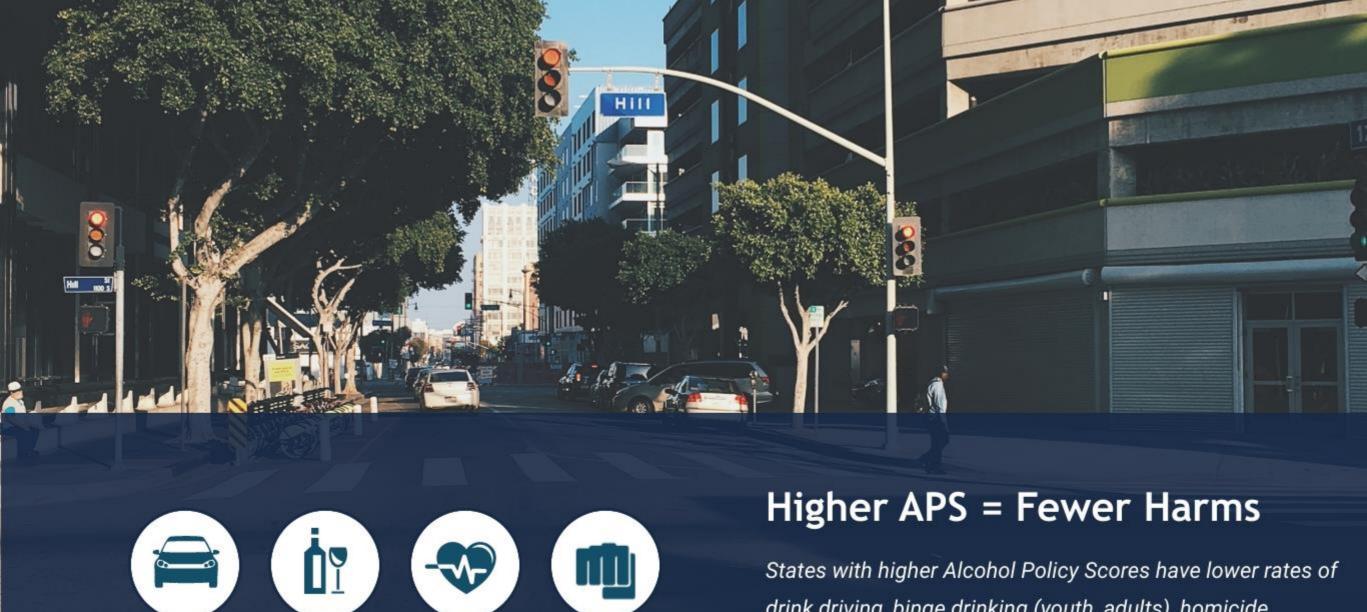
Bans on mass media advertising, outdoor advertising, promotional materials and giveaway restrictions, retail signage restrictions,

ALCOHOL POLICY SCORES

Distribution of states based on rigor of alcohol policies, indicated by their standardized APS (Alcohol Policy Score)

Naimi et al, 2014













drink driving, binge drinking (youth, adults), homicide victimization and cirrhosis mortality.

Trends Impacting Alcohol Regulation





Small, local producers



One-stop shopping



Emerging Technologies



E-Commerce



Conveniences



Budgets

ALCOHOL REGULATORY CHANGES

All branches of government play critical role in alcohol regulation



Executive

Ensures laws are obeyed, creates rules and regulations



Legislative

Creates new laws or changes existing laws



Judicial

Interprets the meaning of laws and determines if laws violate Constitution

AVENUES FOR CHANGE: REGULATION AND DE-REGULATION

Both public health experts and industry stakeholders target similar levers to create change in the marketplace

PRICE

PROMOTION

PRODUCTS

PLACE



An increase in price, levied on the producer (and passed onto the consumer) is one of the strongest strategies to prevent excessive alcohol consumption



Promotions attract a larger market of consumers; increasing retail profit while also known to encourage excess alcohol consumption

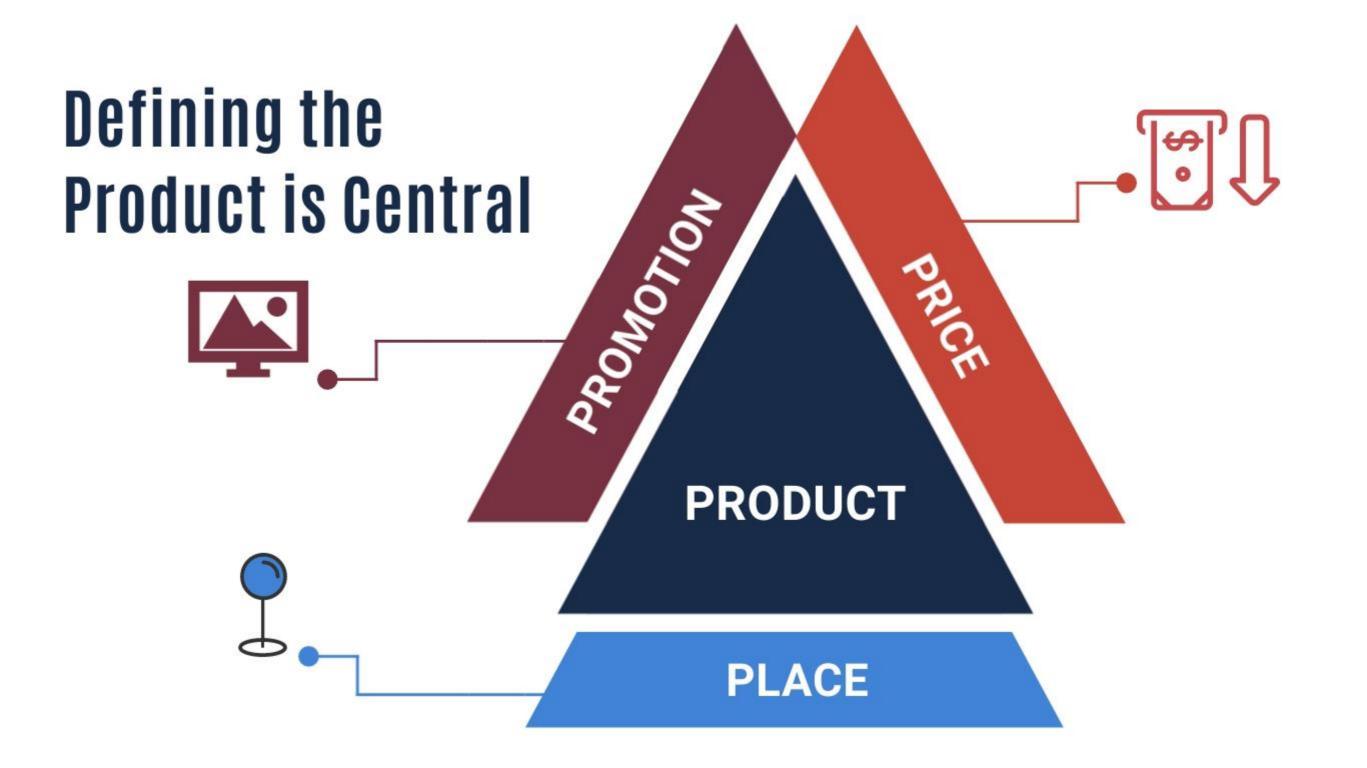


New products blur the lines between traditional categories and make it more difficult for consumers to determine alcohol content and for the categorization of product



Jurisdictions can reduce harm by limiting the availability of alcohol through location of outlets and limiting days and hours of sale

Product Important to other "Ps"



TRADITIONAL PRODUCT CATEGORIES

One standard drink (or one alcoholic drink equivalent) is defined in the United States as any beverage containing 0.6 fl oz or 14 grams of pure alcohol.



Standard Drink = 12 oz. 5% ABV



Standard Drink = 1.5 oz. 40% ABV



Standard Drink = 5 oz. 12% ABV

BLURRING THE LINES



Are consumers able to tell how much alcohol they are drinking?

Research has suggested that most consumers are unable to correctly identify the number of servings or alcohol content contained in various products.

Furthermore, many consumers are unable to define what a standard drink is.

Additional research has shown that Standard Drink Labels (SDLs) have the potential to increase awareness of SDs and facilitate the monitoring of personal alcohol consumption.

Walker S, Higgs S, Terry P. Estimates of the Absolute and Relative Strengths of Diverse Alcoholic Drinks by Young People. Subst Use Misuse. 2016 Nov 9;51(13):1781-9.

Wettlaufer A. Can a Label Help me Drink in Moderation? A Review of the Evidence on Standard Drink Labelling. Subst Use Misuse. 2018 Mar 21;53(4):585-595.

"Traditional" Cannabis Consumption Methods



Cannabis Products Today



Current Status on Price

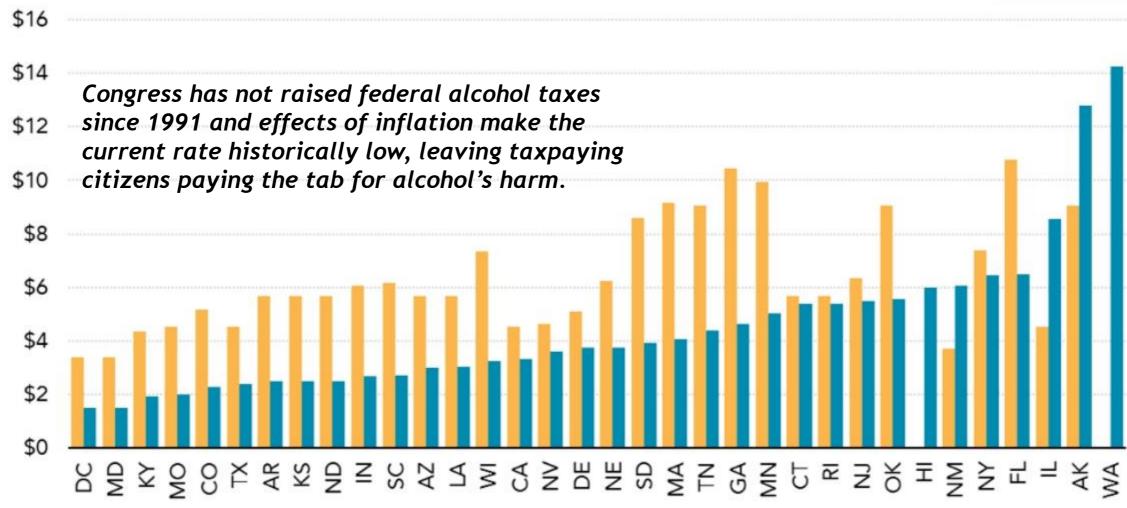
FIGURE 1

Distilled Spirit Excise Tax Rates

Real 2017 dollars per proof gallon in 1982 and 2017



■ 1982
■ 2017



Source: TPC data on alcohol excise tax rates.

Note: States missing from this figure are monopoly states and those that control distilled spirit sales directly. Washington state privatized its market for distilled spirits in 2011, after which they had the highest excise tax rate at \$14.27 per proof gallon.

Place and the Alcohol Outlet Environment

Alcohol Industry: Traditional View

Producers









Wholesalers

Retailers















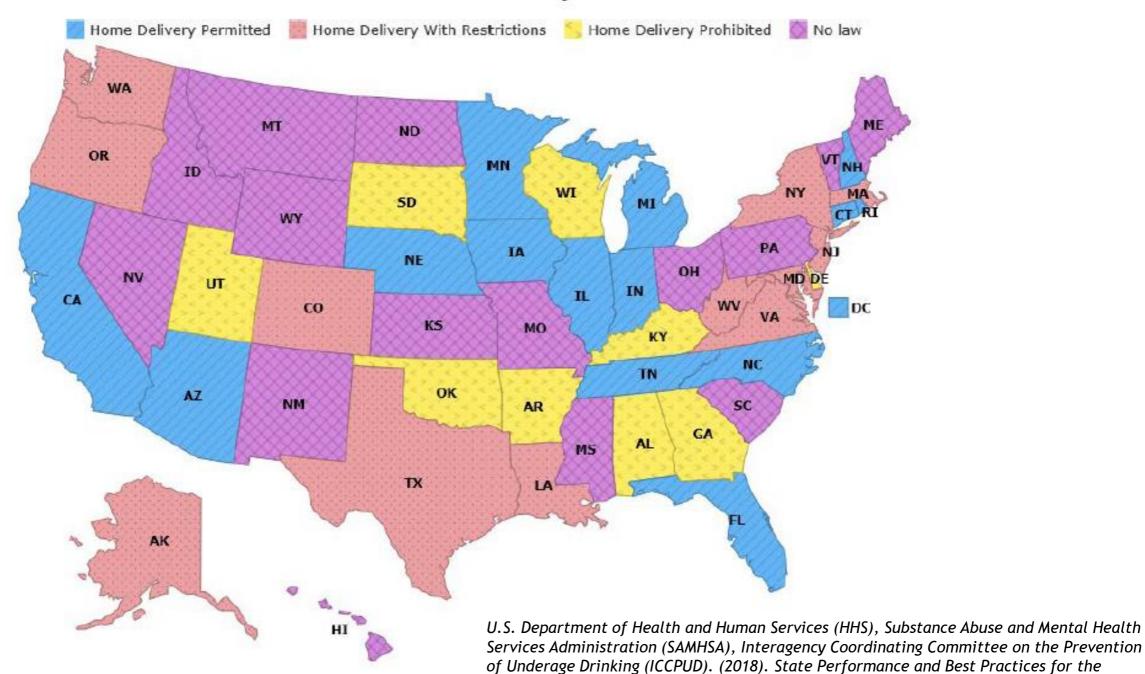


PLACE: THE 3-TIER SYSTEM TODAY



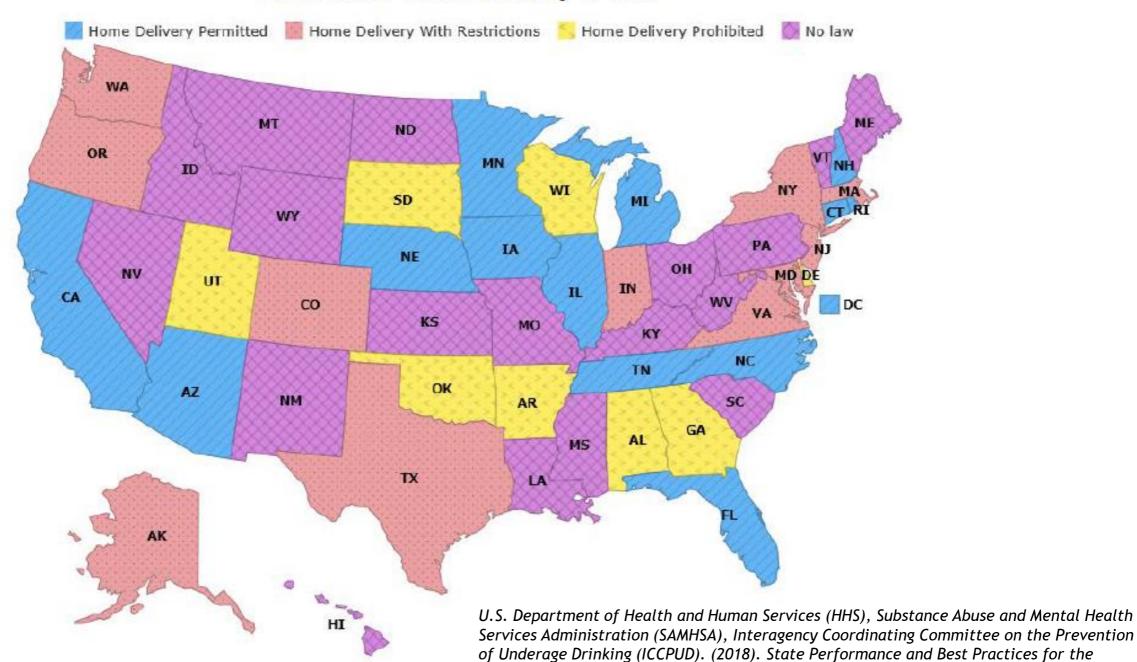


Exhibit I.40: Home Delivery of Wine



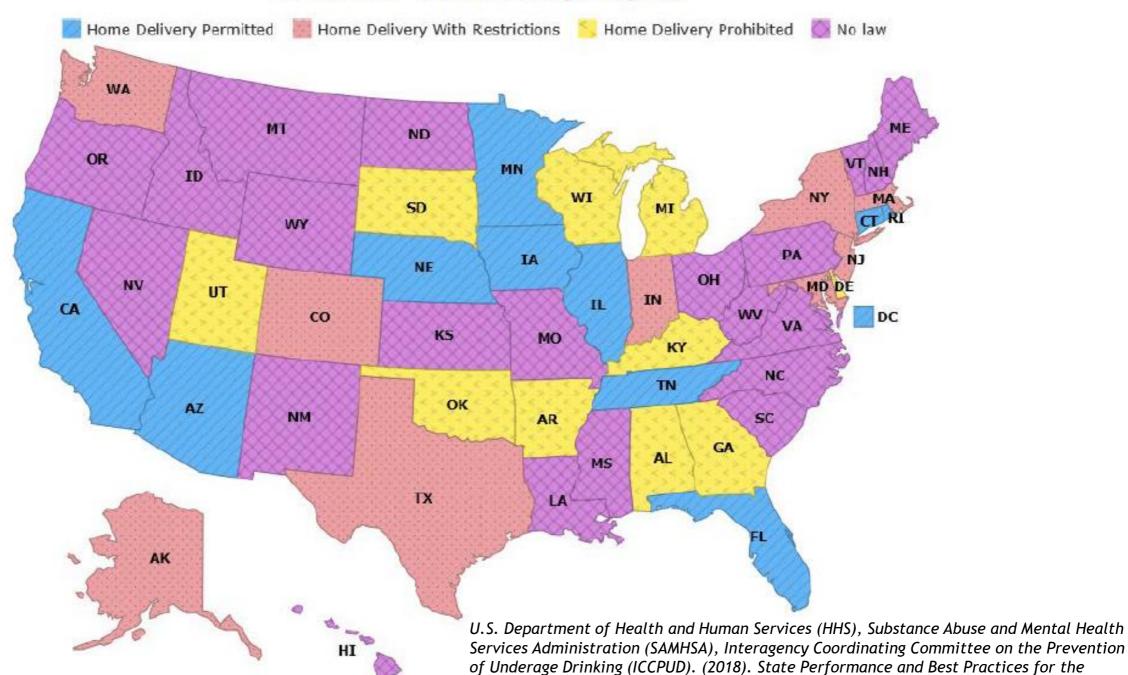
Prevention and Reduction of Underage Drinking.

Exhibit I.39: Home Delivery of Beer



Prevention and Reduction of Underage Drinking.

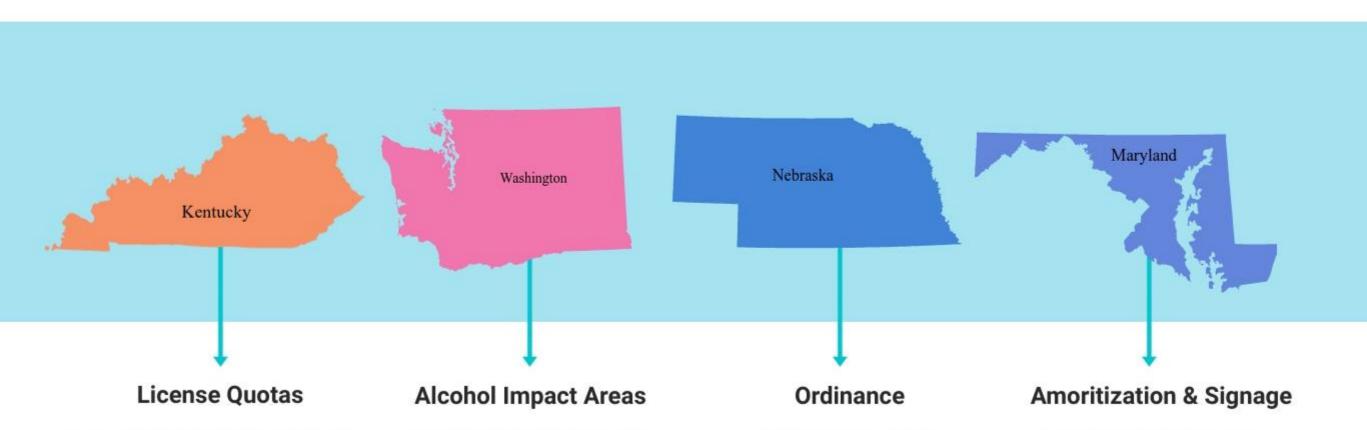
Exhibit I.41: Home Delivery of Spirits



Prevention and Reduction of Underage Drinking.

State and Community Examples

Addressing the alcohol environment



for liquor stores after ABC proposed removing ban

Bans high ABV products, restricts hours of operation and container size in areas with chronic inebriation and illegal activities Created zoning tool to address nuisance properties, giving city ability to pull business permit Removing liquor stores from residential zones and restricting window signage Current Trends and Challenges for Alcohol Regulators



Tenn. Retailers Ass'n v. Thomas

Residency/Presence requirements



Snyder v. Lebamoff

Three Tier v.
Commerce Clause

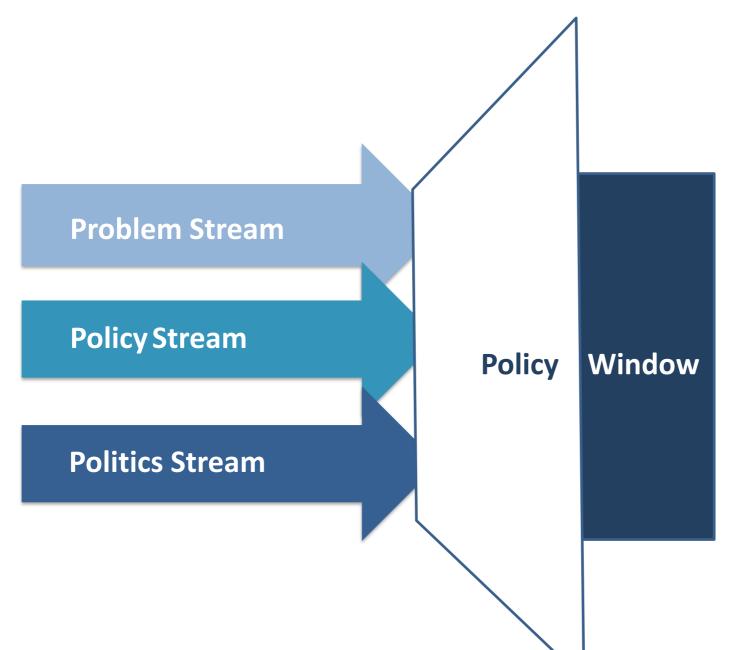


Hood v. Wine Express

Jurisdictional issues with state enforcement, 21st Amendment Enforcement Act and other civil remedies

How Prevention Can Get a Seat at the Table

Kingdon's Stream Model





CASE STUDY: MARYLAND



THE SITUATION: CRAFT BREWING IN MARYLAND

"Current laws and regulations pose an existential threat to the industry's future growth in Maryland; and with it, the jobs, economic activity, tax revenue and tourism opportunities generated by this community of innovators and entrepreneurs"

"In the absence of comprehensive reform, Maryland's reputation within the national craft brewing industry will continue to suffer and the economies of our neighboring states will benefit at our expense."

"Maryland's beer laws are antiquated, dysfunctional, anti-small business and anti-consumer."

-- Peter Francot, MD Comptroller



REFORM ON TAP ACT OF 2018 A WORLD WITHOUT LIMITS.



THE TASK FORCE

APRIL 11, 2017

40-person task force comprised of industry stakeholders, held public meetings at breweries throughout the state and released a "12-Pack of Recommendations" days before Thanksgiving 2017

"...the objective is to create a framework that benefits Maryland craft brewers, consumers and larger businesses – all of which contribute to an industry that has the potential to create even more jobs, generate revenue and empower communities across the state through investment."

THE PUBLIC HEALTH PERSPECTIVE





Alcohol-related deaths in Maryland have been steadily rising since 2010, nearly doubling between 2015-2016 from 310 to 528.



Economic burden: \$5 billion in 2010 or \$2.22 a drink

State collects \$310 million in taxes



Only 51% of Marylanders drank in the past month

INCREASED AVAILABILITY



INCREASE IN CONSUMPTION



INCREASE IN NEGATIVE OUTCOMES

MAKING THE PUBLIC HEALTH CASE

What happened next...2018 Legislative Session



- ► SUPPORTED BILL CREATING TASK FORCE TO STUDY
 ALCOHOL LAWS FOR HEALTH
- SERVED AS MEMBER OF THE TASK FORCE
- ► MADE PUBLIC HEALTH RECOMMENDATIONS FOR

 TASK FORCE LEGISLATIVE PACKAGE

MAKING THE PUBLIC HEALTH CASE

And then...2019 Legislative Session



- ► ORGANIZED STAKEHOLDERS TO SUPPORT LEGISLATIVE PACKAGE
- ► REMOVED COMPTROLLER FROM ALCOHOL REGULATORY ROLE
- ► ESTABLISHED A 5-MEMBER ALCOHOL AND TOBACCO COMMISSION
- ► COMMISSION WILL CREATE BEST PRACTICES FOR 25 LIQUOR BOARDS

MAKING THE PUBLIC HEALTH CASE

Where the effort is today ... 2020 Legislative Session

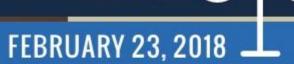


- ► PROTECT NEW ALCOHOL AND TOBACCO COMMISSION
- ► INFLUENCE APPOINTMENTS TO COMMISSION
- ► ENGAGE WITH COMMISSION IN ITS CREATION OF BEST PRACTICES

ORGANIZE. EDUCATE. ADVOCATE.



THE HEARING &



PUBLIC HEALTH



THE HEARING 🕹 🕹

FEBRUARY 23, 2018 ____

PUBLIC HEALTH

ALCOHOL LOBBYIST



PUBLIC HEALTH

ALCOHOL LOBBYIST

ALCOHOL LOBBYIST

THE HEARING 4

BREWER FEBRUARY 23, 2018

PUBLIC HEALTH

BREWER

ALCOHOL LOBBYIST **PUBLIC HEALTH**

ALCOHOL LOBBYIST

BREWER

ALCOHOL LOBBYIST

THE HEARING &

FEBRUARY 23, 2018 **— BREWER**

ANOTHER LOBBYIST

PUBLIC HEALTH

ALCOHOL LOBBYIST

ANOTHER LOBBYIST

BREWER

ALCOHOL LOBBYIST

LOBBYIST

ALCOHOL

ANOTHER BREWER

PUBLIC HEALTH

BREWER

BREWER

ANOTHER BREWER

WHAT WORKED?

- Generating Media Advocacy
- Organizing Likely & Unlikely Partners
- Framing and Messaging to Resonate with Policymakers
- Using Data to Build Evidence and Explain Outcomes
- Being Flexible and Prepared for Opportunities to Advance Health



Cannabis Regulation: Lessons From Alcohol



There is no one perfect system. States have the power to create innovative, individualized systems based on what will be most effective for their jurisdiction, as as was envisioned by the 21st Amendment.



Laws and policies will be most effective if they reflect the will of the people; states must be given discretion to develop their own rules and regulations accordingly.



Taxation, enforcement and consumer rights on potency, testing and labeling require coordination of federal, state and local governments.



A successful system is one that acknowledges public health concerns when considering commercial interests. Public health and prevention professionals need to find a seat at the table.



Profit Motives May Impact Course Corrections Overtime

"While industry expertise can be insightful, its direct involvement in decision-making increases the risk of regulatory capture."

"It is unclear how legalization will play out and allowing business and their lobbyists to gain power will make it more difficult to make course corrections as the industry develops."

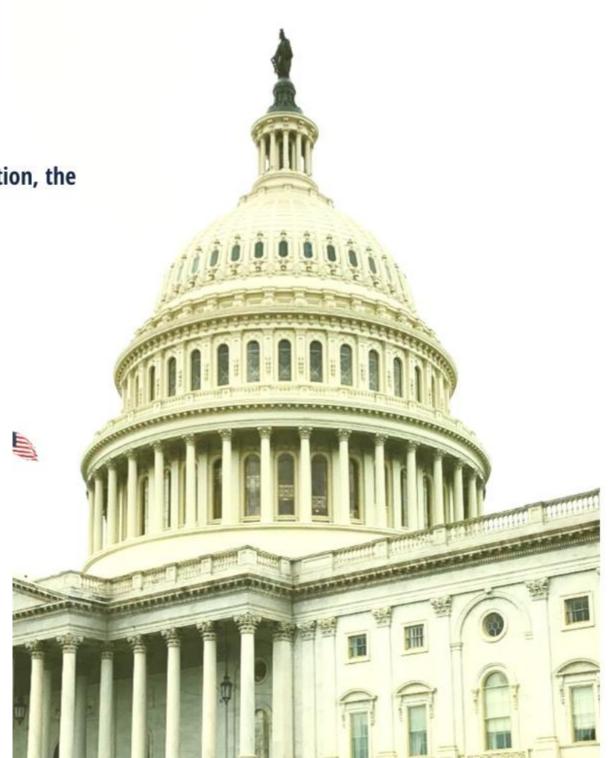
- Kilmer, B. 2019. The American Journal of Drug and Alcohol Abuse



INDUSTRY AGENDA:

According to the National Cannabis Industry Association, the top legislative priorities for industry members are:

- Repeal federal laws prohibiting the production & sale of cannabis
- Reduce taxation
- Allow financial institutions to do business with cannabis
- Reform criminal justice system
- Prohibit enforcement at the federal level
- Full legalization of Medicinal CBD & other hemp products
- Allow VA doctors to prescribe cannabis to military patients
- Promote cannabis as an alternative for chronic pain treatment
- Allow free trade for cannabis production, cultivation, and retail equiptment and devices





Public Health/Prevention/Legal Experts Must Create Rational Basis for Regulation

Prevention and public health experts must track alcohol-related harms and regulations, translating their findings into digestible resources for decision makers and Attorneys General.

It is crucial for Attorneys General to understand the nexus between regulation and community harms and public safety to ensure they can make the case in the courts for *why regulation is needed*.

Collect Data to Establish a Legal Basis

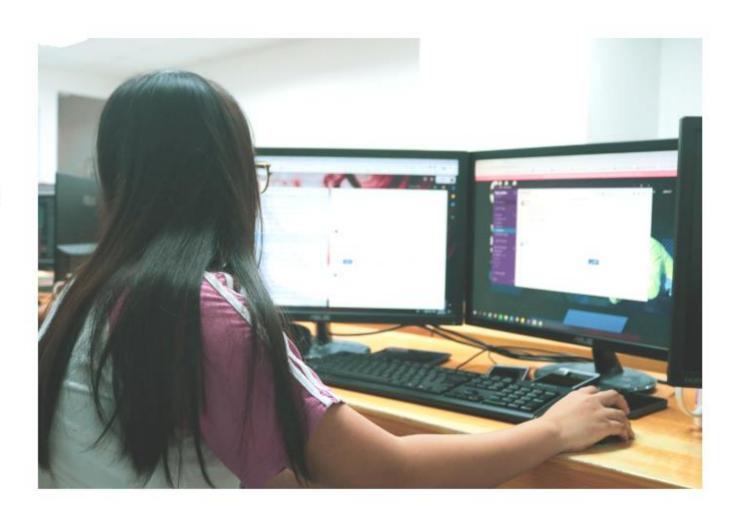
"What are the facts?"

Quantitative and Qualitative

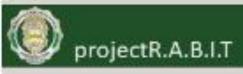
- Quantitative: information that can be counted or expressed numerically
- Qualitative: describes experiences or qualities

Scientific vs. Anecdotal

- Scientific: representative, systematically collected, valid, reliable
- Anecdotal: based on individual cases, not controlled studies; used to illustrate or support a point



Innovative Approaches
Bridging Data,
Technology and Nontraditional Resources



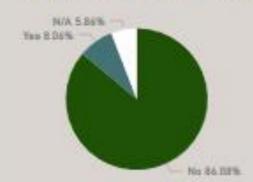


Investigator:

All

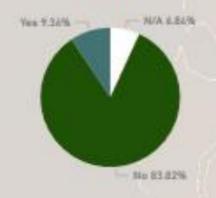
Click for Strategic Inspections

Tobacco Compliance Rate



Click for Tobacco Compliance

Alcohol Compliance Rate

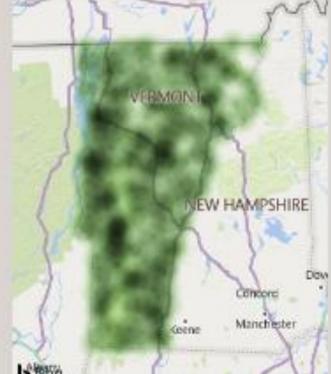


Click for Alcohol Compliance

East Side Restaurant / Dancing Sail Country Club of Vermont A Single Pebble

Top 3 to Inspect





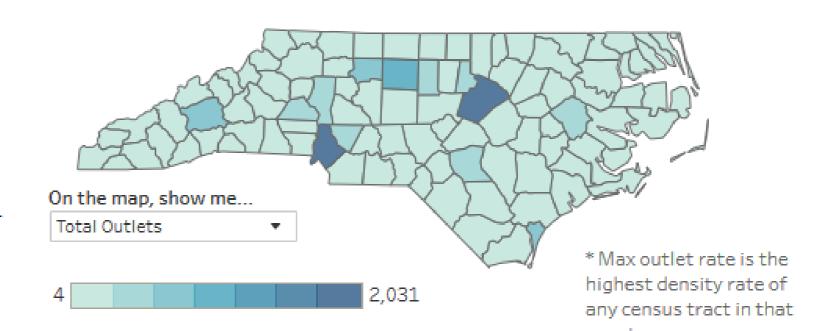
Alcohol & the Public's Health in North Carolina

Welcome Overview Public Health Alcohol Outlet Consumption Strategies Density

In 2016, North Carolina had **17,782 alcohol outlets** (retailers where alcohol can be purchased). The interactive map below shows the density and count of alcohol outlets across the state by county.

On- versus Off-Premise Alcohol Outlets

On-premise alcohol outlets include restaurants, bars, cafes--places where people drink on-site. Off-premise outlets are where people purchase alcohol to consume elsewhere, such as grocery stores, liquor stores, gas stations, and bigbox stores ("Guide for Measuring Alcohol Outlet Density", 2017).



CSTE EPIDEMIOLOGY



PUBLIC HEALTH LEGAL RESOURCES



Ideas. Experience. Practical answers.







#3

Political Will Critical to Maintain Regulations

Local and statewide policy initiatives are most effective when group objectives are coordinated early on and put into action when the timing is right.

This requires paying close attention to the political landscape and working to understand the complex relationships which exist among competing and collective interests.



THANK YOU!

