

COVID-19 Causes High Uptick in Cannabis Sales, Delays State Regulation

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At the start of 2020 (a little over 90 days ago), the cannabis industry anticipated that this would be the year for major cannabis reform at the state level. Many states, including New York, New Jersey, Idaho, and Arkansas, had expressed great interest in clarifying and expanding cannabis legislation. And, as recent as January 2020, New York Gov. Andrew Cuomo expressed his desire that New York's executive budget for 2021 include tax income that could be anticipated if the state allowed and taxed recreational cannabis. But now, just over two months later, the COVID-19 pandemic has paused these efforts and, it appears, major cannabis reform will be delayed. The COVID-19 pandemic has hit New York and New Jersey especially hard, but it is affecting all 50 states. Social distancing, which is the recommended course of action for dealing with the pandemic, is impeding the ability of almost every state legislature (as well as the U.S. Congress) to meet, discuss, and advance legislation for cannabis. Moreover, government officials have correctly redirected their attention to addressing the immediate health needs of their residents caused by the COVID-19 pandemic, as opposed to advancing legislation for cannabis. While legislation is on hold, however, surprisingly (or not) the sale of recreational cannabis has increased significantly, year over year. *Marijuana Business Daily* reported an increase in adult recreational sales in mid-March as high as 159% in California, 100% in Washington, and 46% in Colorado. Accordingly, the cannabis industry as a whole should realize growth in 2020, even with legislation on hold.

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