

Bloomberg

Regulating Pot, Splitting RBS, Payday Loans: Compliance

By: Carla Main – March 7, 2013

Colorado and Washington are racing to meet deadlines for setting up a framework to regulate the sale of marijuana for recreational use, even as federal authorities weigh the future of the new industry.

Colorado has given its Revenue Department until July 1 to draft rules for pot farming, distribution and retailing after voters legalized possession by adults and sales in stores. Washington has set Dec. 1 as its deadline to have regulations in place.

Both states are proceeding knowing they could be stopped at any point by the federal government, which deems marijuana a controlled substance and cracked down on state-sanctioned medical-marijuana operations in California in 2011.

U.S. Attorney General Eric Holder said at a Senate Judiciary Committee hearing yesterday that the department is “considering what the federal response to those new statutes will be.”

In a letter to the committee, nine former Drug Enforcement Administration chiefs urged “federal intervention and preemption” to stop legalization in Colorado and Washington to protect the nation’s health and safety.

The question of whether the federal government will prevent implementation of the new laws is creating uncertainty for state regulators.

Estimates for the market, if legalized nationwide, vary from \$10 billion to \$120 billion a year, with \$35 billion to \$45 billion being likely, according to data compiled by Bloomberg. Tax collections from such sales could reach \$9 billion to as much as \$20 billion, according to Brad Barker, a Bloomberg Industries analyst, who cited projections by the Cato Institute, a nonprofit research group, and the Congressional Research Service in a March 1 report.