



## Colorado Springs, Palmer Lake and Cripple Creek weigh retail marijuana sales amid industry downturn

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After nearly a decade of legal recreational marijuana possession in Colorado, voters in Colorado Springs, Palmer Lake and Cripple Creek will decide if it's time to allow sales in each locale.

Proponents promise a bump in tax revenues, while opponents argue the social costs are too high.

Palmer Lake and Cripple Creek officials say the tax revenue from recreational marijuana is badly needed to cover costs, such as roads. Conversely, the Colorado Springs City Council passed a resolution last week opposing recreational marijuana sales, urging residents to consider the potential harm of marijuana and how such sales could jeopardize the town's national reputation as a desirable place to live.

As campaigns enter the final weeks, some medical marijuana business owners in Colorado Springs are anxiously awaiting a decision that could financially save them after a change in state law.

"The city needs to know the businesses are literally hanging on by a thread in the Springs. ... So rec would turn it around," said Ryan McGuire, owner of Zipz, a local dispensary.

A law passed in 2021, [House Bill 21-1317](#), aimed to address concerns around high-potency marijuana and introduced limits on how much medical marijuana concentrate can be purchased in one day, revising the limit down from 40 grams to 8 grams, among other changes. Recreational marijuana stores already had a cap of 8 grams of concentrated marijuana per person per day.

Higher-concentrated marijuana can be more effective for those using it to address pain, he said, and someone using it every day for medical reasons can go through 8 grams a week.

Before the purchasing limits, medical marijuana patients would drive in from out of town to stock up for a month, said Andrew Heaton, who is selling his Colorado Springs medical marijuana business WTJ MMJ Supply. Heaton and other industry representatives said they believe patients are turning to the illicit market out of convenience.

Following the new purchasing limits, the number of people coming into Zipz each day dropped from about 30 to eight or 10 people, McGuire said. The dropoff in sales also forced layoffs and business closures in the industry, Heaton said.

Marijuana revenues statewide are expected to decline this year because both recreational and medical marijuana sales are on the decline, said Truman Bradley, Marijuana Industry Group executive director. The decline in recreational marijuana sales has been driven, in part, by other states legalizing recreational marijuana, particularly Arizona and New Mexico. But recreational sales in Colorado Springs could drive an uptick for the state by making it so convenient for so many people, including tourists, he said.

The market is also likely maturing nationally, with 19 states allowing recreational sales and other countries such as Canada legalizing it. Colorado's international destination status for its marijuana culture is likely over and lower prices are likely here to stay, said Jason Warf, Southern Colorado Cannabis Council executive director.

"It's really just the market settling, like it would in any new industry," he said.

If voters approve recreational marijuana sales in Colorado Springs it would allow only the existing 114 medical marijuana shops to transition to recreational sales if they choose. Voters could also enact a separate special 5% sales tax on those sales to fund veteran services, public safety and mental health programs.

The transition could keep residents that normally shop in Denver, Manitou Springs or Pueblo local, multiplying demand in Colorado Springs shops and helping to keep them open, McGuire said.

The Your Choice Colorado Springs Campaign estimates that \$150 million in revenue has been lost since the city has declined to allow recreational marijuana sales.

The campaign to allow recreational sales had \$137,521 on hand earlier this month to help reach voters, according to filings with the city of Colorado Springs; the Colorado Springs Safe Neighborhood Coalition had not raised any money.

Elected officials on the Colorado Springs City Council and School District 49 board last week urged residents to vote down the questions.

D-49's resolution focused on how students could be more easily exposed to marijuana if sales were allowed, and warned of the drug's dangers to developing brains.

The Colorado Springs City Council statement, which passed on a split vote with three council members opposed, covered a myriad of issues such as how sales could hurt the labor pool by limiting who can pass drug tests, and how the change could impact public safety agencies in town.

"We are going to add another addiction-for-profit industry," said Dr. Kenneth Finn, who addressed the council and worked on marijuana issues at the state level.

The Colorado Springs Police Department did not respond to repeated requests for comment on legalizing recreational marijuana sales.

As to black market activity in the state, Colorado Bureau of Investigation Assistant Director Dan Volz said he couldn't speak to an overall trend following legalization.

"It's really impossible to know if the illicit market has increased or decreased because we never had a clear indication of the illicit market to start with to measure against. What we can say is that our teams stay very busy and basically work at maximum capacity at this point," he said in a written statement. The bureau's teams focus on illicit marijuana cultivation mostly in rural areas.

The CATO Institute, a libertarian think tank, studied multiple states following marijuana legalization and found that crime "neither soared nor plummeted."

In the smaller communities that are considering legalization, officials are looking to marijuana to help solve revenue problems.

In Palmer Lake, voters will decide whether to allow two existing medical marijuana shops to transition. After several previous attempts to allow recreational marijuana sales, Trustee Darin Dawson said he thought attitudes could be changing but felt it was important to let voters decide because of the history of failure on the ballot.

Dawson said additional revenue is critical to keeping full-time police and fire departments and fixing roads.

"We need to look at revenue and find revenue sources that maintain what we all feel we want," he said.

The board tied a question to raise property taxes to allowing recreational marijuana sales; if both questions pass, the mill levy would go up 15 mills rather than 30. A 15-mill increase on a \$400,000 house would add about \$390.75 to a tax bill. Palmer Lake already has a special 5% tax on recreational marijuana sales.

In Cripple Creek, the marijuana question could clear the way for the first marijuana shops in Teller County. If the question passes, the town could issue four marijuana licenses — two medical and two recreational — said Kyle Blakely, a spokesman for the campaign. A single business could hold both a medical and a recreational license, he said, reducing the number of shops.

Town Councilman Charles Solomone said he believes the community is largely split on the question, but added the need for more tax revenue is clear.

"If you drive around town, the roads are in deplorable condition," he said.

Teller County Sheriff Jason Mikesell has said allowing pot sales would increase the need for emergency services response, increase the cost for law enforcement regulation and response, and would increase hospitalizations.