

Evidence on 'state store models' in legal cannabis markets

TESTIMONY TO THE PENNSYLVANIA HOUSE HEALTH COMMITTEE

David Hammond PhD



Disclosures

➔ **NO INDUSTRY FUNDING OR INTERESTS TO DECLARE.**

CONSULTANT / PAID SPEAKER / ADVISORY COMMITTEES

- Regulatory agencies e.g., Canada, Australia, UK, EC
- Non-governmental associations e.g., CCS, Heart & Stroke Foundation
- International public health authorities e.g., WHO

PAID EXPERT TESTIMONY – PUBLIC HEALTH LITIGATION

Tobacco

- Canada, Norway, Australia, UK, Ireland, Uruguay, Uganda, NB, AB, Class actions

Vaping

- Canada, NB

Cannabis

- Canada, Quebec

Food & beverage

- San Francisco

There are diverse perspectives on the impact and 'effectiveness' of cannabis legalization.

- Industry**
- Harm reduction**
- Consumers**
- Public health**





Born gentle

PROUD mothers, please forgive us if we too feel something of the pride of a new parent. For new Philip Morris, today's Philip Morris, is delighting smokers everywhere. Enjoy the gentle pleasure, the *fresh unfiltered flavor*, of this new cigarette, born gentle, then refined to special gentleness in the making. Ask for new Philip Morris in the smart new package.



King Size
or
Regular
Snap-open
Pack

New Philip Morris...gentle for modern taste

CANNABIS LEGALIZATION

Public health impact depends on how cannabis is regulated in legal markets.

INTERNATIONAL PERSPECTIVES

Different models for legal cannabis markets.



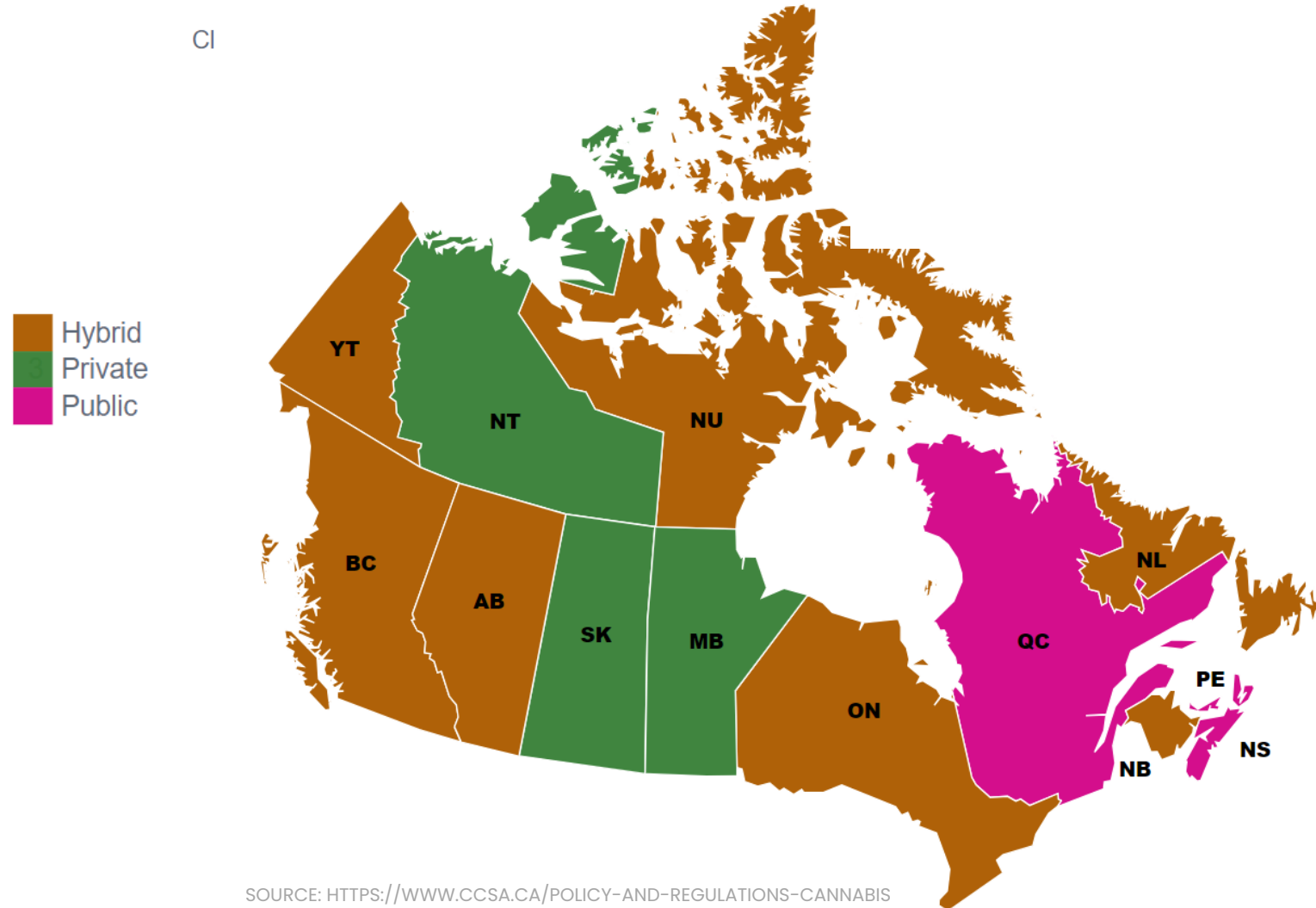
Legal market in Canada involves greater 'state' roles and more restrictive regulations in several areas.



Jurisdictional scope	<ul style="list-style-type: none">• Federal & Provincial/Territorial	<ul style="list-style-type: none">• State-level
Price/taxation	<ul style="list-style-type: none">• Excise flat rate & ad valorem (incl. THC based)	<ul style="list-style-type: none">• Variable
Product standards	<ul style="list-style-type: none">• THC 10mg limit	<ul style="list-style-type: none">• Minimal / Variable
Labelling & warnings	<ul style="list-style-type: none">• More comprehensive warnings, standardized packaging	<ul style="list-style-type: none">• Smaller text
Marketing	<ul style="list-style-type: none">• More comprehensive	<ul style="list-style-type: none">• Variable
Retail	<ul style="list-style-type: none">• Online sales• Fewer 'opt out'	<ul style="list-style-type: none">• Variable
Minimum legal age	<ul style="list-style-type: none">• 18, 19, 21 years of age	<ul style="list-style-type: none">• 21 years of age

CANADA

**States serves as distributors in all jurisdictions.
Mix of private and 'state' sales models.**



ONTARIO

State-run cannabis stores

Spotlight: Crazy Cream Soda Soft Chews 4 pack

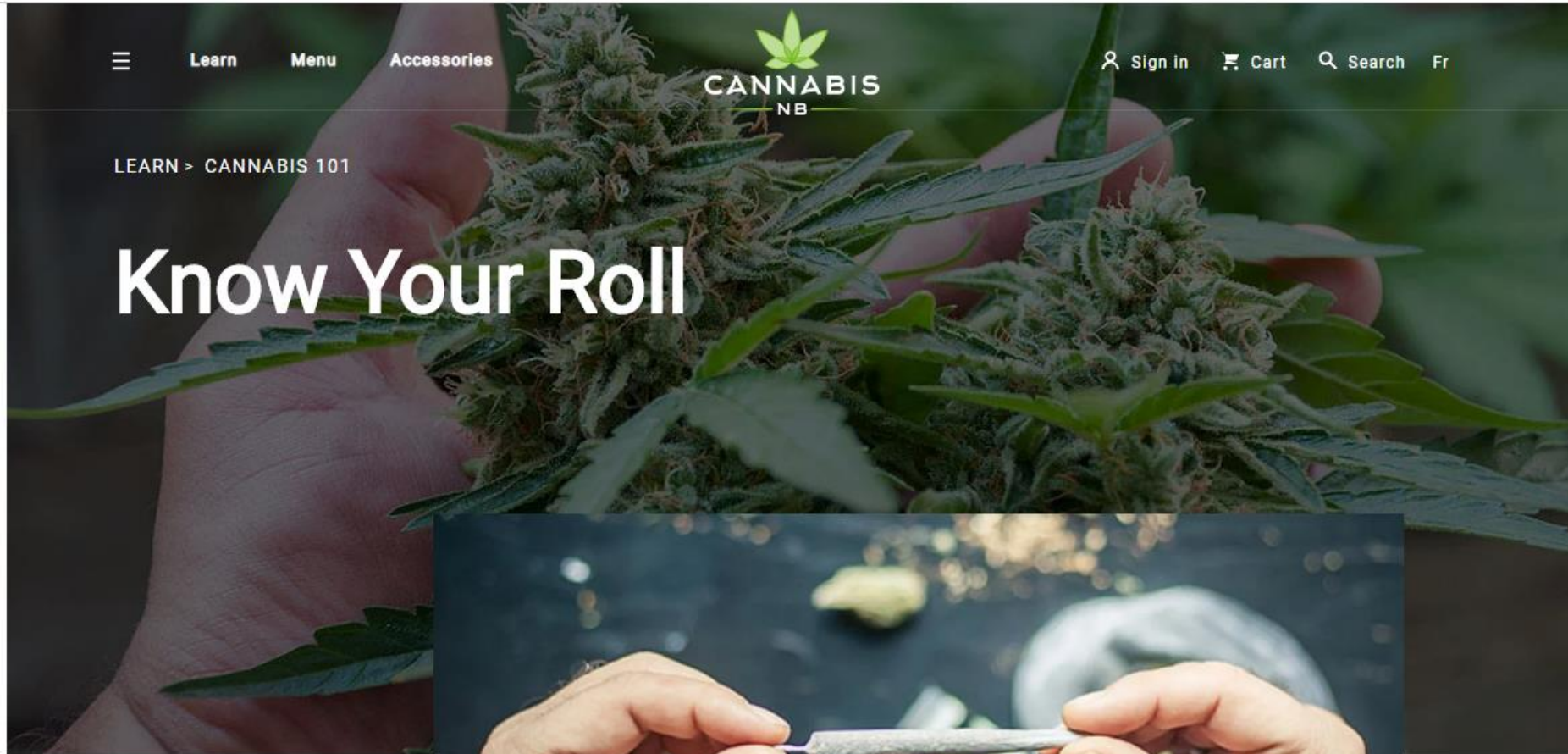
Each sugar-dusted 2.5 mg THC bite is bubbling with classic pop flavour, plus notes of cotton candy, vanilla and coconut

[BUY NOW](#)



NEW BRUNSWICK

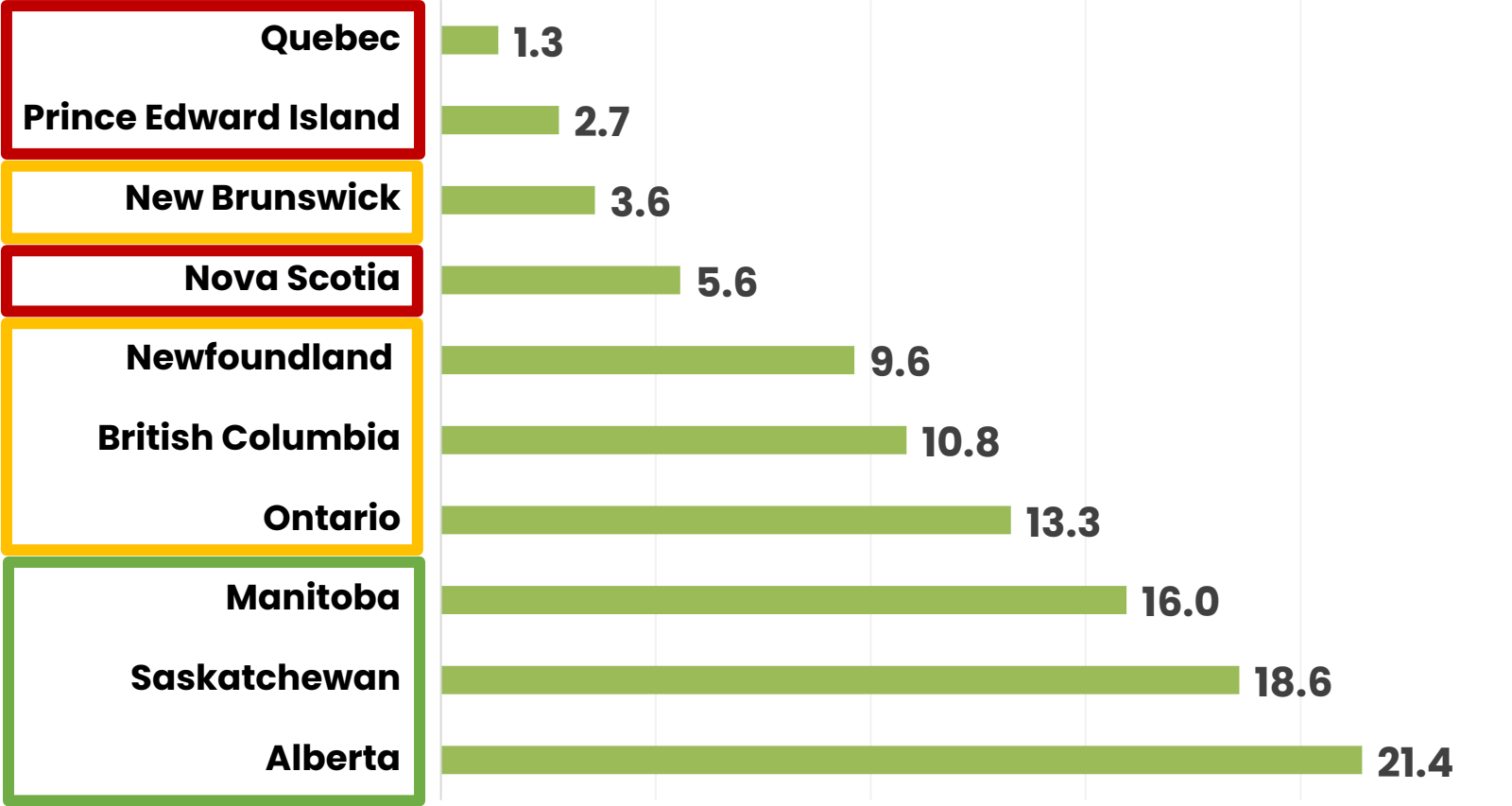
State-run cannabis stores.



[HTTPS://WWW.CANNABIS-NB.COM/LEARN/CANNABIS-101/KNOW-YOUR-ROLL/](https://www.cannabis-nb.com/learn/cannabis-101/know-your-roll/)

Jurisdictions with greater state control tend to have fewer stores and greater regulatory restrictions.

Retail stores number
LICENSED STORES PER 100,000 POP. - SEPT 2023





STATE-MODEL

Québec

- All stores government run
- Minimum legal age of 21
- Fewer stores per capita
- Enhanced marketing restrictions
- Comprehensive product standards
 - No vaping product
 - 30% THC limit on all products
 - Highly restricted edibles



PRODUCT STRENGTH
THC levels of
vapes ~75%

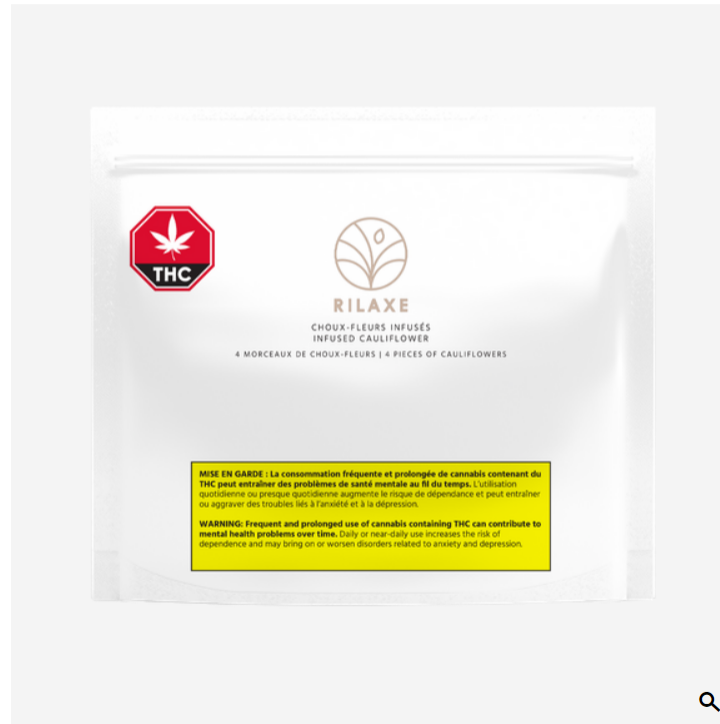


SOURCE: HAMMOND ET AL., 2023. CANNABIS RETAIL SCAN.

Quebec - Edibles



home / edibles / ready-to-eat / choux-fleurs infusés



Choux-Fleurs Infusés

Rilaxe
Ready-to-eat

Cannabinoids
THC 2.5 mg/unit
CBD 5 mg/unit

Category
derived

Dominance



size

4 units

availability

✓ online

[see availabilities in store](#)



\$5.80

LESSON

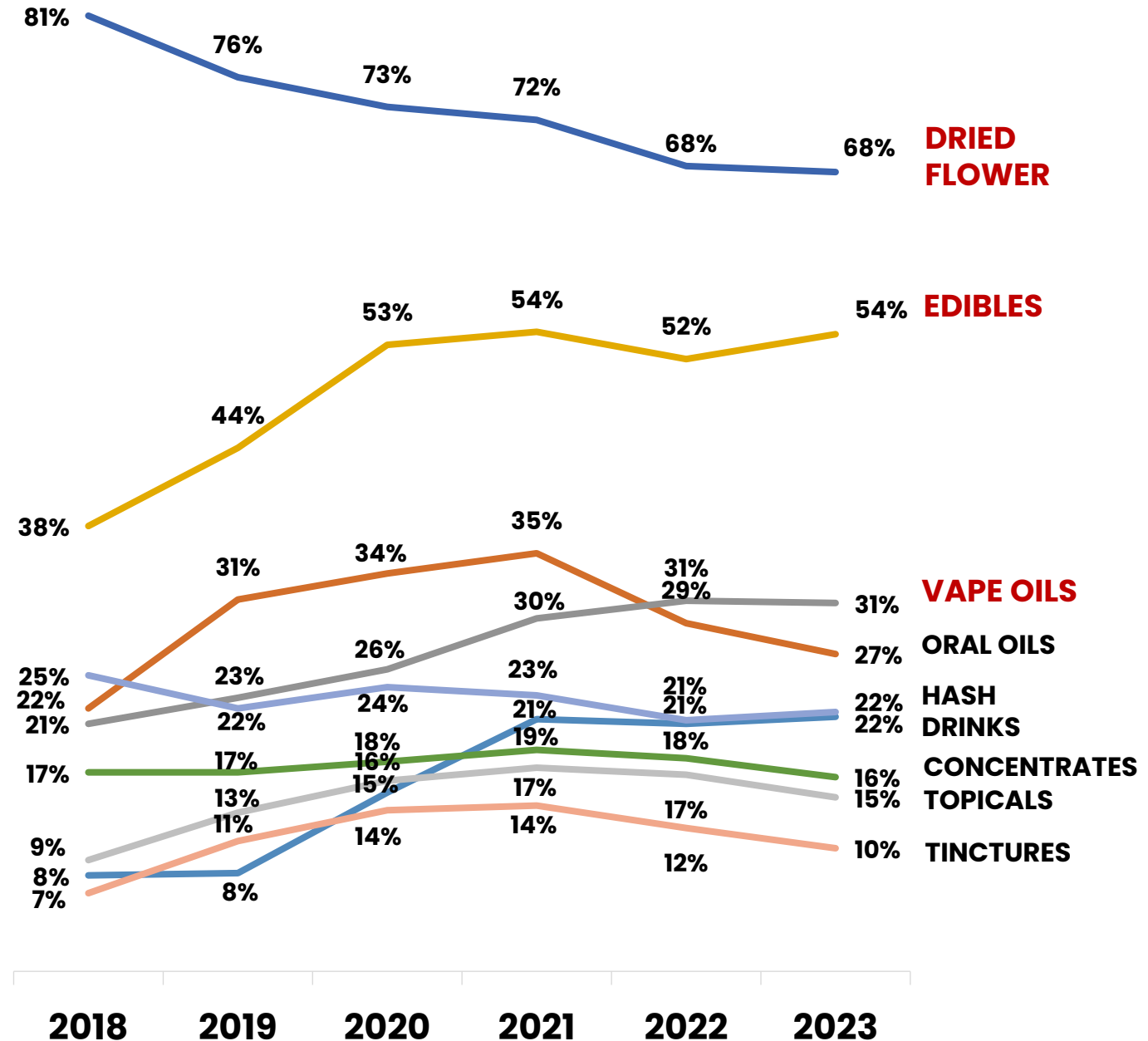
Cannabis legalization has increased the use of high THC products, but to a lesser extent in 'state-only' models.



Cannabis products

Use in the past 12-months

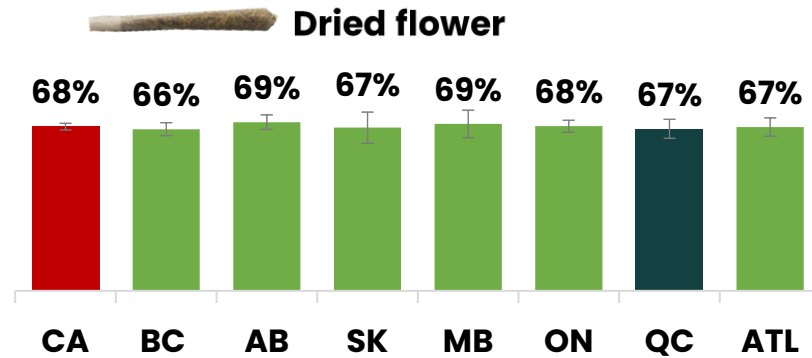
CANADA, AMONG PAST 12-MONTH CONSUMERS



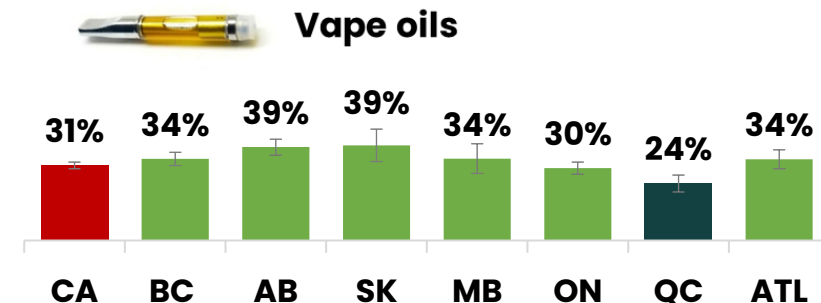
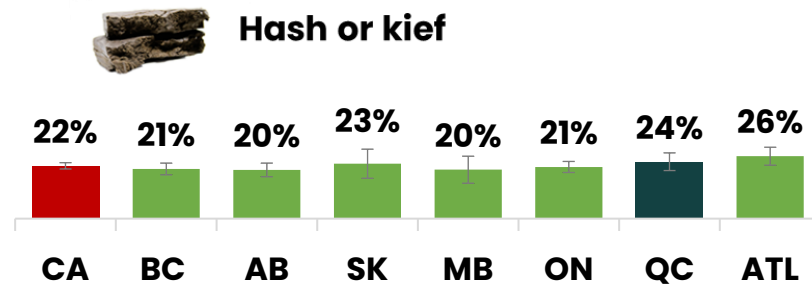
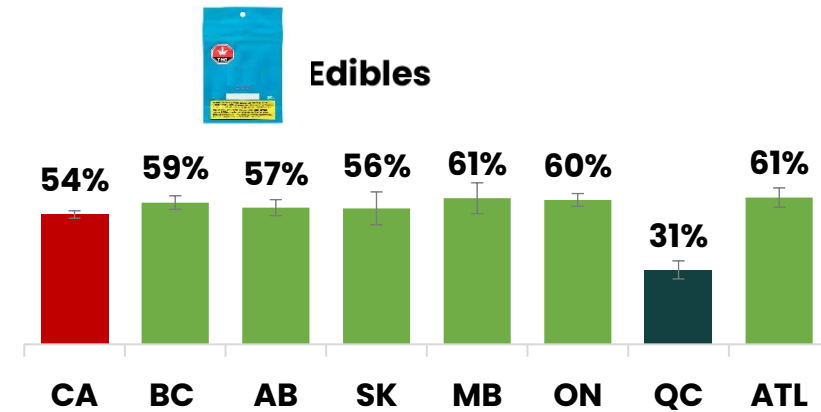
Product regulations

PRODUCT USE AMONG PAST 12-MONTH CONSUMERS 2023

QUEBEC 'LEGAL' SALES



QUEBEC 'RESTRICTED' SALES



Do product standards sustain illicit trade?

THC caps in Vermont could keep black market alive

By Lex Merrell, Vermont News & Media Jun 19, 2022

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MONTPELIER — The amount of THC — the cannabinoid that produces the high sensation after consumption of cannabis, commonly referred to as marijuana — in concentrates has been capped in Vermont, but some worry that cap could cause the illegal cannabis market to thrive.

[Act 158](#), signed by Gov. Phil Scott at the end of May, states that cannabis concentrates cannot surpass 60 percent THC, a cap backed by science due to concern over the negative effects of highly concentrated cannabis.

Dr. Catherine Antley, a pathologist at Copley Hospital in South Burlington, said, “These are not products used by the ‘casual’ cannabis consumer.” In the 1990s, the average THC content of cannabis in flower form was less than 4 percent. Today, she said, it’s about 15 percent.

SOURCE: [HTTPS://WWW.REFORMER.COM/LOCAL-NEWS/THC-CAPS-IN-VERMONT-COULD-KEEP-BLACK-MARKET-ALIVE/ARTICLE_90E37FE6-EDB7-11EC-ABA1-33DC534196.HTML](https://www.reformer.com/local-news/thc-caps-in-vermont-could-keep-black-market-alive/article_90e37fe6-edb7-11ec-ab1-33dc534196.html)

LESSON

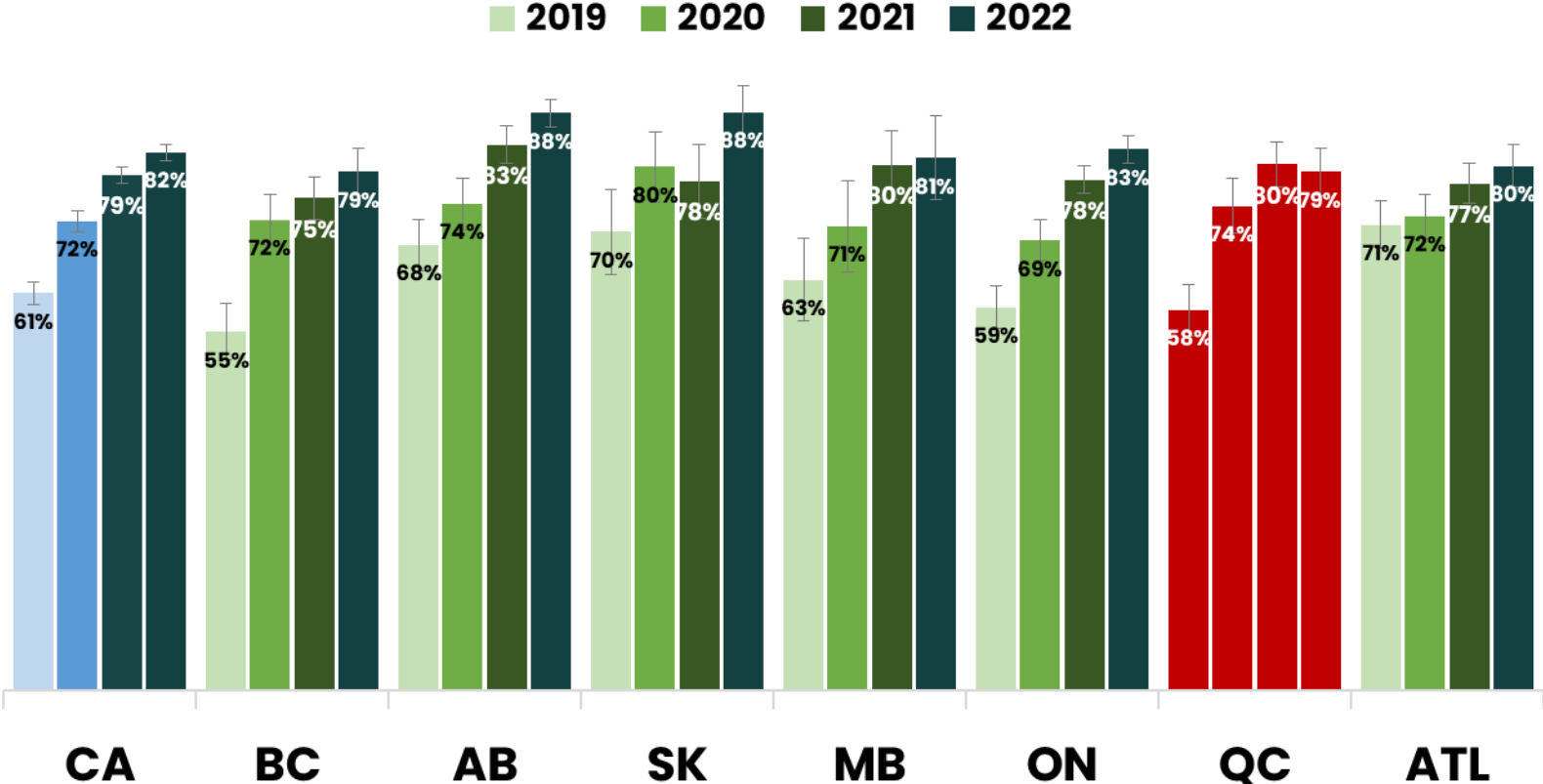
Transition from illegal to legal stores has been similar in private vs. state models.



Similar transition to legal market in Quebec to date.

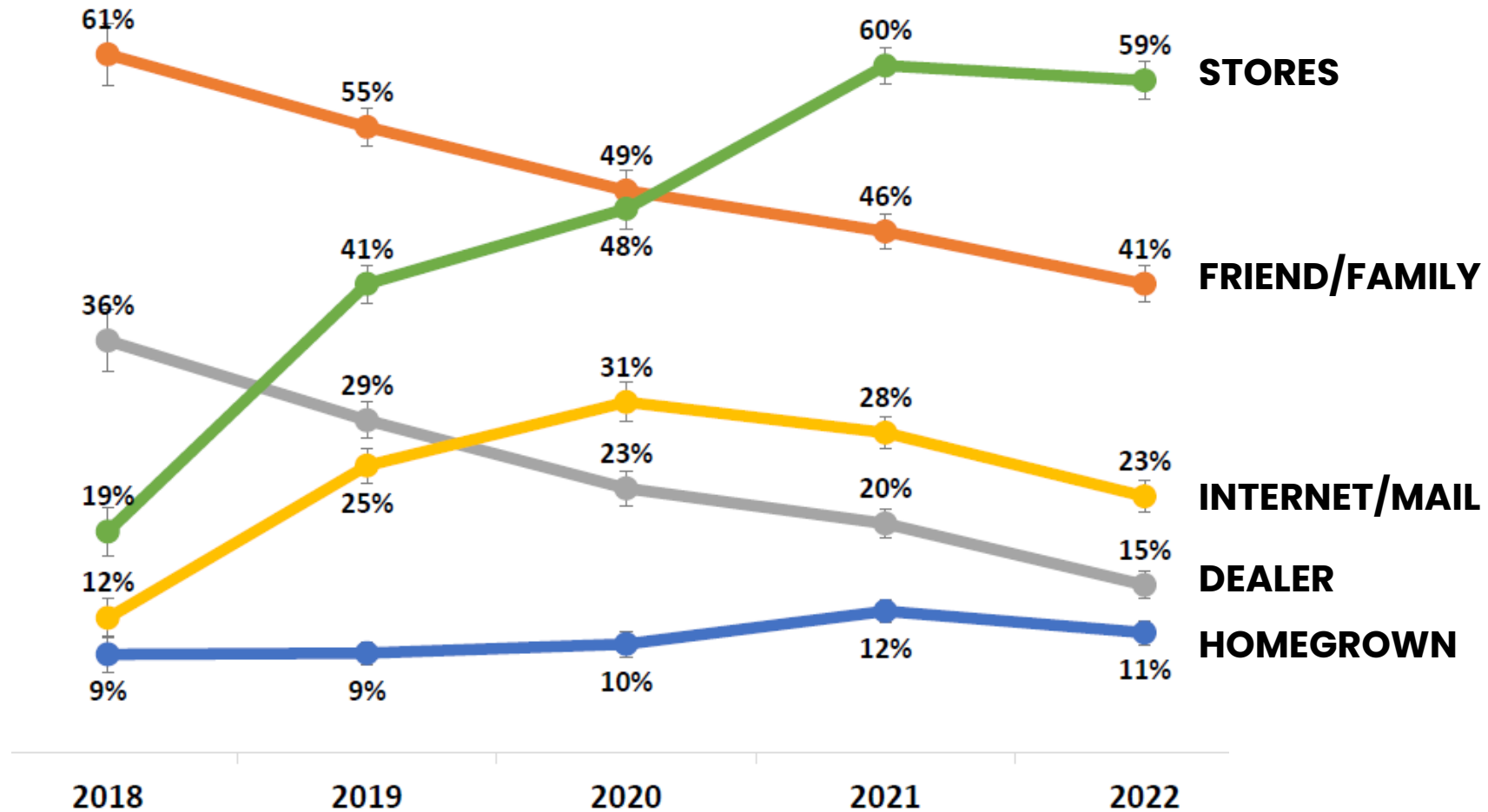
Mean percentage of all cannabis products purchased in last 12-months from a legal retail source

AMONG PAST 12-MONTHS CONSUMERS



Cannabis sources in the past 12-months

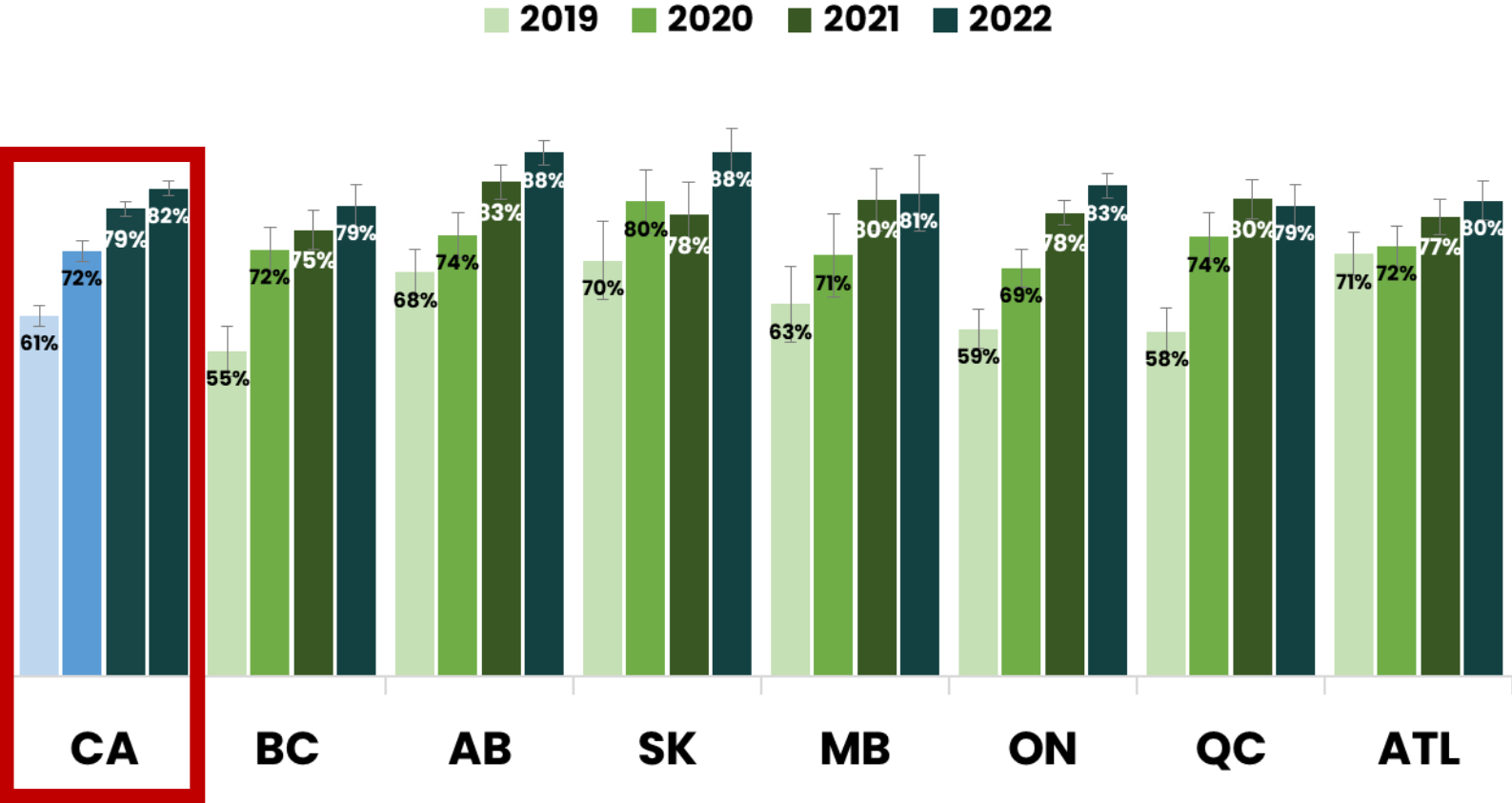
AMONG PAST 12-MONTHS CONSUMERS



Most consumers report switching to legal market.

Mean percentage of all cannabis products purchased in last 12-months from a legal retail source

SELF-REPORTED AMONG PAST 12-MONTHS CONSUMERS



LESSON

Consumers support comprehensive regulations in both private and state-models.

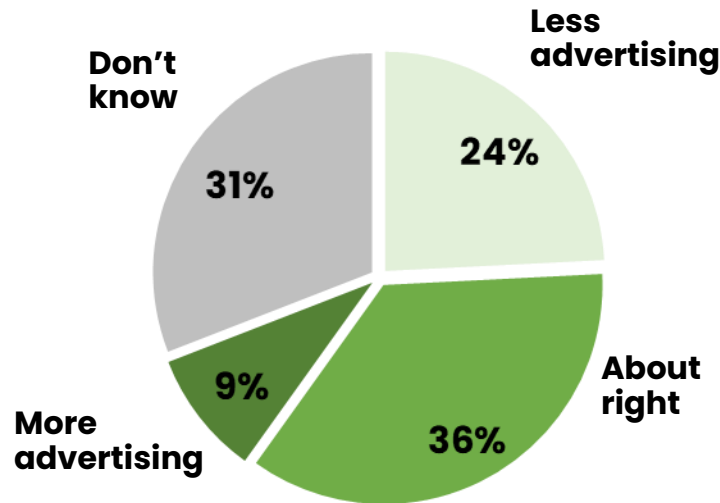


Please think about the amount of marijuana advertising in the province where you live.

How much advertising do you think should be allowed?

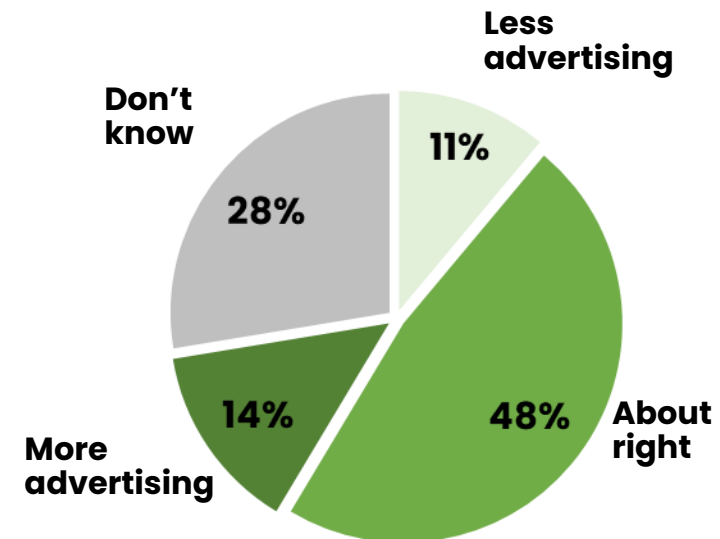
All respondents

N=15,831



Cannabis consumers

N=5,434



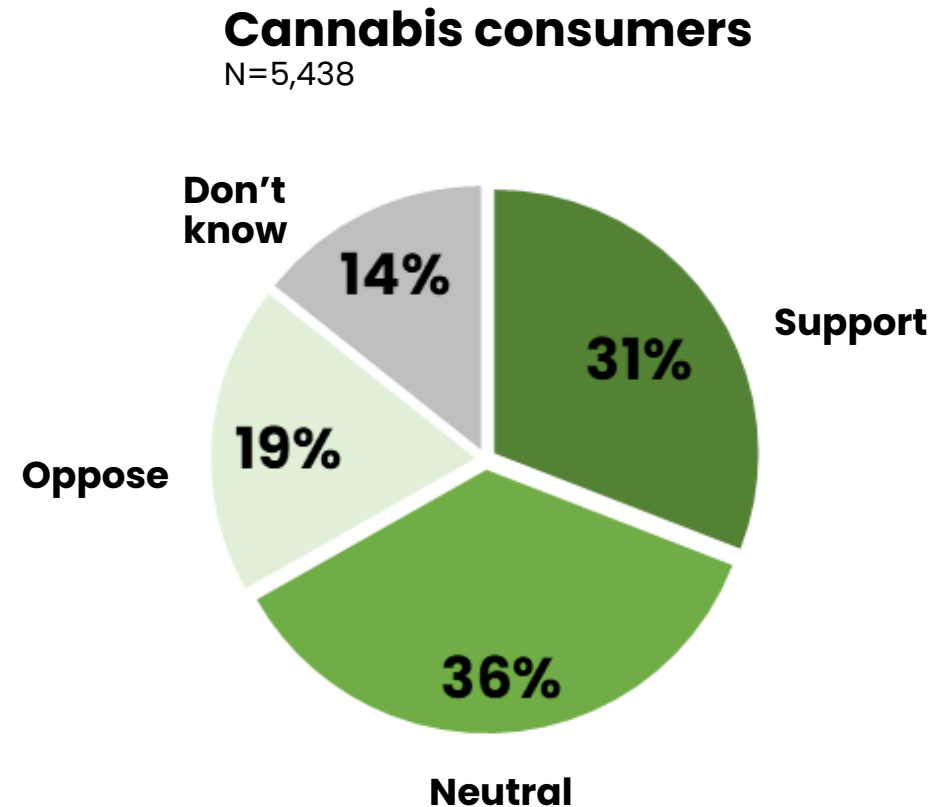


FEDERAL PRODUCT STANDARDS

THC
10mg / package

In Canada, packages of marijuana edibles can include a maximum of 10mg of THC?

Do you support or oppose the THC limit on edibles?



LESSON

State models (more comprehensive regulations) associated with fewer increases in cannabis use.



Québec vs. other provinces

Markedly lower prevalence in Québec and little/no increase since legalization vs. rest of Canada.

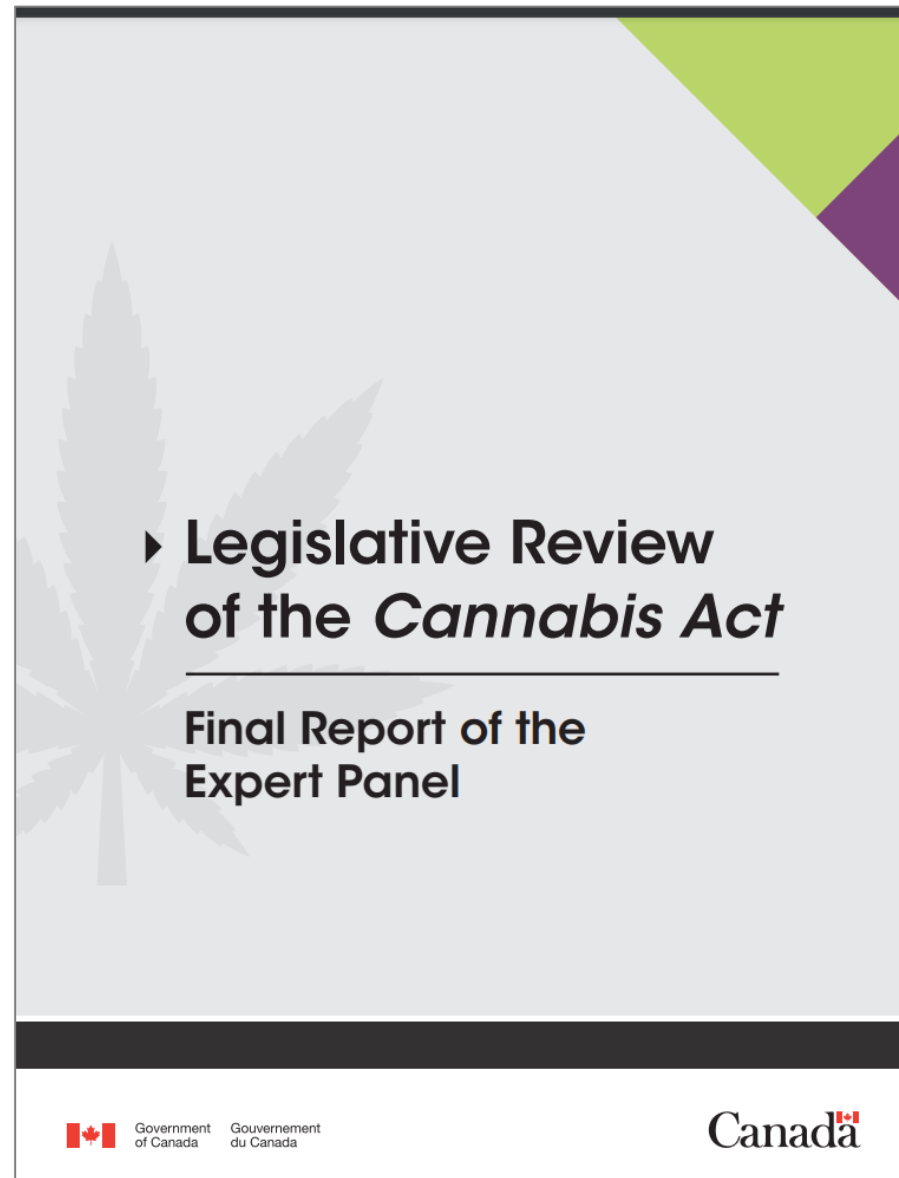
	QUÉBEC	CANADA
Past 12-months	15.9%	22.4%
Daily/near daily	3.7%	6.1%*

SOURCES

CANADIAN COMMUNITY HEALTH SURVEY*, CANADIAN CANNABIS SURVEY,
QUÉBEC CANNABIS SURVEY, INTERNATIONAL CANNABIS POLICY SURVEY



CANADA
**Legislative
review**



Summary

- **State-models provide state regulators with greater means of shaping market.**
- **State-models may be more effective in achieving public health objectives.**
- **Very positive consumer perceptions of legal market for both private and state models.**
- **Little evidence that regulations are associated with legal market capture.**



Thank you.

David Hammond PhD

SCHOOL OF PUBLIC SCIENCES
UNIVERSITY OF WATERLOO

WEB DHAMMOND@UWATERLOO.CA

EMAIL WWW.DAVIDHAMMOND.CA



UNIVERSITY OF
WATERLOO

School of Public
Health Sciences