

Arizona

2020 Election: Adult-Use Legalization

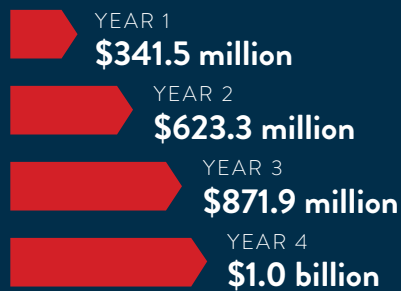
ARIZONA FAST FACTS

POPULATION
7.3 million

TOTAL # OF
CANNABIS CONSUMERS
1.2 million

OF REGISTERED MEDICAL
CANNABIS PATIENTS
261,464

EST. ANNUAL SALES FROM
LEGAL ADULT-USE CANNABIS



PROGRAM REGULATIONS: HIGHLIGHTS

Allows for the possession of up to one (1) ounce of cannabis; no more than five (5) grams of concentrate.

Further allows for an individual to have up to six (6) cannabis plants in one's home.

Arizona state sales tax of 5.6%, in addition to local taxes, will apply to all cannabis transactions, with an additional 16% excise tax applied to the sale of cannabis products.

Consumption in public places or open spaces remains prohibited.

As of July 12, 2021, individuals convicted of possessing an ounce or less of cannabis or growing six or fewer cannabis plants in their home for personal consumption may petition to have their conviction expunged. A portion of funds deposited into the Justice Reinvestment Fund will be allocated to research and develop social equity programs that promote the ownership of cannabis businesses by those most impacted by the failed War on Drugs.



THINGS TO WATCH:

Since failing to pass adult-use legalization in the 2016 election cycle, participation in the state's existing medical cannabis market has surged, with over 260,000 registered medical cannabis patients as of August 2020. With the passage of Prop 207 the resulting adult-use market will likely slow the high levels of growth seen in the medical program, but we expect a steady base of medical patients to continue participating.

ON THE BALLOT: Arizona Prop 207

RESULTS



Arizona's Proposition 207: The Smart and Safe Arizona Act

will legalize the sale and possession of cannabis for adult use. A majority of voters supported the measure, and while the 2016 measure failed by roughly 2.5%, Prop 207 passed with strong support with 60% of voters casting ballots in support.

Passage of prop 207 will significantly expand fully legal markets across the western states, creating a land bridge from WA through OR, CA, NV, AZ, and to CO.

With an estimated 1.2 million cannabis consumers in the state, **New Frontier Data estimates that by year four of legalization, annual revenues for legal adult-use cannabis will exceed \$1 billion.**