

EXPLORING THE CONSTRAINTS TO LEGAL RECREATIONAL CANNABIS MARKET GROWTH IN THE COUNTY OF LOS ANGELES

Fynnwin Prager, 1000 E. Victoria Street, Carson, CA 90747, (310) 243-366, fprager@csudh.edu

Jose Martinez, 1000 E. Victoria Street, Carson, CA 90747, (310) 243-3570, jnmartinez@csudh.edu

Jennifer Brodmann, 1000 E. Victoria Street, Carson, CA 90747, (310) 243-2607, jbrodmann@csudh.edu

Catherine Munsen, 1000 E. Victoria Street, Carson, CA 90747, cmunsen1@toromail.csudh.edu

ABSTRACT

We examine the numerous constraints to legal recreational cannabis market growth in Los Angeles County, how policy reform might help to overcome these constraints, and analyze potential outcomes if constraints are removed. Since the legalization of recreational cannabis across California in 2016, and the first licenses being issued in 2018, the market has grown substantially in Los Angeles County. However, limited municipal licensing, high taxes, limited participation by women and minorities, banking and financing issues, and equity ordinances have placed important barriers to entry for new businesses, as well as constraints on market growth. Moreover, long established unlicensed and “grey” operations—which have lower regulatory costs despite the higher risk of criminalization or business closure—provide uneven competition for licensed firms. Using a mixed methods approach combining multivariate regression analysis, interviews with industry stakeholders, and case study analysis, this paper explores what policy and program reform at the municipal, state and federal levels are politically feasible and evaluates the outcomes of different cannabis policy approaches. The paper aims to inform cannabis policy makers about which constraints to legal recreational cannabis market growth are the most pressing, and which policy reforms can result in more desirable outcomes.

Keywords: cannabis municipal policy, cannabis market growth, cannabis industry