



Life After Legalization: Colorado Business Outlook

As the first state with adult-use marijuana stores, Colorado is the state people look to most to see how regulating marijuana is working. Nearly eight years have passed since Colorado voters approved legalizing and regulating marijuana for adults, and more than six years have passed since adult-use stores opened in 2014. Data shows the sky has not fallen, workplaces are safer, and the economy has flourished. While COVID-related hardships are taking a toll nationwide, Colorado's cannabis industry is keeping tens of thousands of workers employed, producing hundreds of millions in tax revenue, and otherwise reducing the pain.

The Economy

- In both 2018 and 2019, *Forbes* ranked Denver among the best places to do business in the country's 401 metropolitan statistical areas, noting in 2019 that, "Colorado is expected to have the second fastest job growth over the next five years."[\[1\]](#) In 2015, Denver received its first number 1 ranking.
 - Colorado's economy boomed after legalization. Colorado's gross domestic product (GDP) increased by 4.4% in 2015 — the year after regulated marijuana sales became legal for adults. Growth continued in subsequent years, increasing by 2.4% in 2016, 3.1% in 2017, and 3.5% in 2018.
 - In early 2020, the *Colorado Business Economic Outlook Forecast* by Leeds School of Business reported that Colorado's economy was still in a period of growth that was outpacing the nation.[\[2\]](#) Real GDP growth grew 3.4% in Q1 2019, ranking Colorado seventh among the 50 states for growth year-over-year, and the state's five-year average ranked fifth, at 3.6%. Employment grew 2.1% year-over-year in September, ranking the state 11th overall, and the low unemployment rate of 2.7% earned the state a place among the five lowest.
 - In March 2017, *S. News & World Report* ranked Colorado as the best state economy. In 2018 and 2019, *U.S. News & World Report* ranked Colorado in the top 10 best state economies.[\[3\]](#)
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Jobs, Population Growth, and Workforce

- As of June 2020, 41,144 individuals held licenses to work directly in Colorado's cannabis businesses.[\[4\]](#)
- A March 2018 study by the IZA Institute of Labor Economics found that marijuana legalization increased Colorado's population by 3.2% in 2015.[\[5\]](#)
- One of the reasons Denver was ranked as *Forbes'* #4 for business was its highly educated workforce. *Forbes* noted that 43.9% of the workforce has college degrees.[\[6\]](#) In addition to attracting new residents, legalization can keep young professionals, and others who value freedom, in a state.

Workplace Safety



- Colorado “loss costs” — lost wages and medical expenses from on-the-job injuries — decreased by 8.5% in 2020. This resulted from a decrease in workplace This was the sixth year in a row without an increase.[\[7\]](#)
- The number of fatal occupational injuries decreased significantly in Colorado since authorizing regulated marijuana sales. Despite a growing population and declining unemployment, the number of fatalities dropped from 82 in 2012 to 75 in 2015 — the year after regulated marijuana sales became legal for adults. In 2018, the number of fatal occupation injuries dropped to a five-year low of 72.[\[8\]](#) During the same timeframe, the number of fatal transportation incidents dropped to a five-year low at 22.

New Businesses

- As of June 2020, Colorado has 1,858 licensed cannabis business owners. The vast majority own small and mid-sized businesses, including 592 adult-use stores, 699 cultivators, 284 product manufacturers, three hospitality businesses, 11 testing facilities, and 10 transporters.[\[9\]](#) Delivery licensing had just begun at the time.

Cannabis Sales and Tax Revenue

- Between January 2014 and April 2020, more than \$7.7 billion in legal marijuana was sold in Colorado, generating more than \$1.2 billion for state coffers.[\[10\]](#)
- In 2019 alone, Colorado generated \$302,458,426 in cannabis tax revenue.
- Colorado’s cannabis tax revenues are used for education — including for schools’ capital construction and K-12 education — along with localities, regulatory costs, health care, health education, substance abuse prevention and treatment programs, and law enforcement.[\[11\]](#)

Tourism

- In 2019, the Colorado Tourism Office reported that Colorado continued a nine-year streak of record-setting growth in visitors, traveler spending and tax generation in 2018. Reports show in 2018, Colorado attracted 86.2 million U.S.-based travelers plus more than one million international visitors who collectively spent \$22.3 billion and generated \$1.37 billion in state and local tax revenue.[\[12\]](#)

- [1] Samantha Sharf, "The Best Places for Business and Careers in 2019: Behind the Numbers," *Forbes*, October 30, 2019.
- [2] "2020 Colorado Business Outlook," Leeds School of Business, University of Colorado.
https://www.colorado.edu/business/sites/default/files/attached-files/2020_colo_business_econ_outlook.pdf
- [3] *U.S. News & World Report*, Best State Economy 2019,
<https://www.usnews.com/news/best-states/colorado>
- [4] Colorado Marijuana Enforcement Division,
<https://www.colorado.gov/pacific/enforcement/med-resources-and-statistics>
- [5] Diego Zambiasi and Steven Stillman, "The Pot Rush: Is Legalized Marijuana a Positive Local Amenity?," IZA Institute of Labor Economics, March 2018.
- [6] "The Best Places for Business and Careers," *Forbes*, 2019.
- [7] Colorado Dept. of Regulatory Agencies, Division of Insurance,
<https://www.colorado.gov/pacific/dora/workers'-compensation-loss-cost-decreases-2020>
- [8] U.S. Bureau of Labor Statistics, "Injuries, Illnesses, and Fatalities,"
<http://www.bls.gov/iif/oshwc/cfoi/tgs/2018/iiffw08.htm>
- [9] Colorado Marijuana Enforcement Division,
<https://www.colorado.gov/pacific/enforcement/med-resources-and-statistics>
- [10] Colorado Dept. of Revenue, Marijuana Tax Data,
www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports; Colorado Dept. of Revenue, Marijuana Sales Report, <http://www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports>
- [11] <https://coloradosun.com/2019/06/12/where-does-colorados-marijuana-tax-money-go/>
- [12] Colorado Office of Tourism,
www.colorado.com/news/colorado-tourism-sets-all-time-visitor-spending-record-2018