

COLLABORATIVE INSIGHTS

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- WRG Cannabis
- Cannabis

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COLLABORATIVE REPORT

STATE LINES: CANNABIS TRACKER - NOV. 25

THE COWEN INSIGHT

Our Cannabis Tracker is a biweekly rolling update on cannabis legislation in individual states. For an update on federal cannabis legislation, click [here](#) for the latest analysis from Cowen Financial Services Policy Analyst Jaret Seiberg. For more granular tobacco and cannabis industry news, click [here](#) for Cowen's most recent Cigarette & Cannabis Circular.

What's New and Noteworthy (Eric Assaraf - Cowen Washington Research Group)

New Jersey lawmakers are giving up on marijuana legalization bills and are now seeking to put legalization on the 2020 ballot. State lawmakers also advanced a multi-bill package that includes a ban on flavored vape liquids and cartridges.

Massachusetts lawmakers passed the nation's toughest ban on flavored tobacco and vaping products while regulators issued a quarantine order on all recreational marijuana vaping products.

Oregon's Court of Appeals placed a stay on Gov. Kate Brown's (D) ban on flavored cannabis vaping products, while regulators in Washington State and Ohio banned vitamin E acetate additives in vaping products.

The New York City Council is expected to vote on a bill to ban flavored e-cigarettes Tuesday.

Alabama

On June 10, Gov. Kay Ivey (R) signed a substitute medical marijuana bill to further study the issue rather than legalize it. On May 8, a state House committee narrowly defeated a bill to decriminalize small amounts of marijuana. *Source: Marijuana Business Daily*

Analysis: Gov. Kay Ivey (R) has indicated she would consider signing a medical cannabis bill if it's tightly controlled and limited.

Alaska

Lt. Gov. Kevin Meyer (R) signed new regulations into law on March 12 that will allow Alaska residents to consume cannabis at licensed dispensaries later this year. *Source: Marijuana Moment*

Arizona

On June 7, Arizona Gov. Doug Ducey (R) signed a bill (SB 1494) that requires product testing for contaminants under its medical marijuana program. Meanwhile, activists and cannabis businesses in the state are seeking to launch a campaign to get marijuana legalization on the ballot in 2020. *Source: Phoenix News Times*

Arkansas

On April 8, the Arkansas Senate unanimously passed a bill that seeks to limit the appeal of medical marijuana to children by adding restrictions to the manufacture and processing of edibles and regulating marijuana advertising. A House bill (HB 1972) was also introduced on April 1 that would decriminalize small amounts of marijuana. *Source: Miami Herald*

California

On Nov. 21, California regulators announced that marijuana taxes will increase as of January 1. On Sept. 12, lawmakers sent Gov. Gavin Newsom (D) bills to exempt medical cannabis compassion programs from taxes and let cannabis businesses deduct expenses on their state tax returns. Another bill would allow terminally ill patients to use medical marijuana in healthcare facilities. On June 14, California's Senate Health Committee approved a bill regulating CBD in food products. On May 21 the California Senate approved a bill to create a state-chartered bank to serve the marijuana industry. On May 13, hemp



legalization and a number of cannabis bills involving banking, pets, transparency, and statewide delivery cleared the Senate Appropriations Committee. *Source: Marijuana Moment*

Analysis: California currently follows FDA's stance banning hemp-derived CBD in food and dietary supplements. The legislation would expressly permit the sale of hemp-derived CBD in foods, supplements, and topical applications.

Colorado

On May 29, Gov. Jared Polis (D) signed bills allowing marijuana hospitality establishments and marijuana deliveries from licensed dispensaries. The governor also signed a bill opening the state's cannabis industry to outside investors. *Source: Colorado Sun*

Connecticut

On May 8, Connecticut lawmakers sent a bill to the governor's desk allowing hemp cultivation. On May 1, the state Senate Finance Committee approved a bill legalizing recreational marijuana with associated taxes; however, the Senate President has indicated a floor vote will likely be pushed to a special session after June 5. *Source: Hartford Courant*

Analysis: Gov. Ned Lamont (D) has previously signaled support for marijuana legalization and would likely sign such a bill if it reaches his desk.

Delaware

On Aug. 5, Delaware Gov. John Carney (D) signed a bill extending marijuana decriminalization to juveniles. On June 5, the state's House Revenue & Finance Committee cleared a recreational marijuana bill (HB 110) by an 8-3 vote, advancing it to the full chamber. The legislation would legalize recreational marijuana for adults over 21 with a 15% tax at the point of sale. *Source: Marijuana Moment*

Analysis: A similar legalization bill failed in the House last year and Gov. Carney has expressed skepticism on such legalization.

District of Columbia

On May 2, D.C. Mayor Muriel Bowser (D) announced she's sending a bill to legalize recreational marijuana sales to the District Council. The plan is contingent upon congressional Democrats removing a rider blocking cannabis reform. *Source: Forbes*

Florida

On June 26, Florida Gov. Ron DeSantis (R) signed a hemp and CBD regulation bill into law. The state's House Appropriations Committee approved a bill to cap THC levels in medical marijuana at 10% on April 9. On March 18, Gov. DeSantis signed a bill that eliminates the state's ban on smokable medical cannabis. *Source: Miami Herald*

Georgia

On May 10, Gov. Brian Kemp (R) signed legislation that allows Georgia farmers to begin growing hemp. On April 17, the governor signed a bill into law that allows in-state production and sale of low-potency medical marijuana oil. *Source: Atlanta Journal Constitution*

Hawaii

On July 8, a bill to decriminalize possession of small amounts of marijuana became law. On May 1, the state Department of Health advised consumers and businesses on the illegality of cannabis-derived products including CBD. However, the effort to legalize recreational marijuana in Hawaii stalled after a legalization bill did not meet a March 1 deadline to be considered by the state Senate. *Source: Honolulu Star Advertiser*

Analysis: Hawaii's legalization bill made it further than in past sessions, but the effort is now essentially shelved as a ballot initiative is not an option in Hawaii.

Idaho

On Nov. 19, Idaho Gov. Brad Little (R) issued an executive order allowing hemp to be transported across the state. A bill that would create permits for interstate hemp shipments cleared the Senate on April 9 and the House on April 5. However, a separate bill to legalize industrial hemp appears doubtful as changes in the Senate version has caused some House members to withdraw their support. *Source: Associated Press*

Analysis: Gov. Brad Little (R) has signaled support for the hemp bills if amendments sought by law enforcement officials are approved.

Illinois

Illinois Gov. J.B. Pritzker (D) signed a bill making medical marijuana permanently legal expanding the list of qualifying conditions. On June 25, Illinois Gov. Pritzker signed a bill making Illinois the 11th state to legalize sale and use of recreational marijuana. Additionally, the state Senate cleared a bill on April 4 that would permit banking services for cannabis. *Source: Herald & Review*

Analysis: Illinois is the first state to legalize adult-use cannabis sales through legislation rather than a ballot measure.

Indiana

On April 24, the state House cleared a bill (Senate Bill 516) legalizing industrial hemp. The measure now heads to the governor's desk where it is expected to be signed into law. *Source: Indianapolis Star*

Iowa

On May 24, Gov. Kim Reynolds (R) vetoed a bill (House File 732) that would have expanded the state's medical CBD program. On May 13, the governor signed a law enabling industrial hemp production. On April 1, the state Senate cleared a bipartisan bill that would reduce penalties for possession of small amounts of marijuana by a vote of 40-8. *Source: The Gazette*

Kansas

On May 21, Kansas Gov. Laura Kelly (D) signed a bill allowing low-THC cannabis oil for life-threatening medical conditions. On April 15, the governor signed a bill into law allowing the cultivation of industrial hemp. *Source: Pratt Tribune*

Kentucky

On March 6, Kentucky's House Judiciary Committee voted 16-1 to advance a bill that would legalize medical cannabis in the state. The bill, which has 43 co-sponsors out of the chamber's 100 total members, would establish a medical cannabis program under a newly

named Department for Alcoholic Beverage and Cannabis Control. The bill now advances to the Rules Committee before it is forwarded to the floor for a full House vote. *Source: Marijuana Moment*

Louisiana

On June 18, Gov. Jon Bel Edwards (D) signed a bill allowing inhalation of medical marijuana. On June 6, the governor signed a hemp legalization bill that places a 3% excise tax on retail sales of industrial hemp and CBD products, in addition to sales taxes. More than a dozen other marijuana-related bills have been filed by Louisiana legislators for this year's session. Among them, House Bill 509 by Rep. John Bagneris (D) would legalize adult-use recreational marijuana. *Source: The News-Star*

Analysis: Gov. Edwards has not shown support for legalization of recreational marijuana.

Maine

On June 28, Maine Gov. Janet Mills (D) signed a bill creating a framework for legal marijuana sales. On March 26, Gov. Mills signed a bill allowing CBD to be added to food products. As an emergency measure, the law goes into effect immediately. *Source: Portland Press Herald*

Maryland

Maryland Gov. Larry Hogan signed a bill into law legalizing edible medical-marijuana products on May 13. *Source: Washington Post*

Massachusetts

On Nov. 21, state lawmakers passed the nation's toughest ban on flavored tobacco and vaping products. On Nov. 12, state regulators issued a quarantine order on all recreational marijuana vaping products. On Nov. 5, a judge lifted the state's ban on vaping products for medical marijuana patients. On Sept. 24, Gov. Charlie Baker (R) ordered a four-month ban on vaping products, including marijuana. On Sept. 12, Massachusetts regulators voted to require marijuana companies to disclose all specific ingredients in vaping cartridges. On May 16, the state Cannabis Control Commission voted to approve a "social consumption" pilot program in up to a dozen Massachusetts cities and towns. State lawmakers would have to sign legislation for the pilot to move forward. *Source: Boston Globe*

Michigan

On Nov. 5, the Michigan House of Representatives approved legislation to expand expungements for marijuana and other past offenses. On Sept. 10, the Michigan House of Representatives approved a bill requiring warning labels on marijuana products for expectant mothers. On March 29, Michigan's Bureau of Marijuana Regulation (BMR) and the Michigan Dept. of Agriculture & Rural Development (MDARD) issued joint guidance regarding CBD (cannabidiol) and industrial hemp. The guidance follows FDA's stance banning hemp-derived CBD in food and dietary supplements. *Source: Michigan.gov*

Minnesota

On March 11, a Minnesota Senate committee rejected proposals to legalize marijuana and create a task force to study the issue. *Source: MPR News*

Missouri

On May 15, the state House of Representatives gave final approval to an industrial hemp expansion bill, sending it to the governor's desk for signing. On April 17, a bill decriminalizing possession of small amounts of marijuana failed in the Missouri House after it had previously cleared the House Special Committee on Criminal Justice. A separate bill

limiting medical marijuana edibles cleared the state Senate on April 23. *Source: Associated Press*

Montana

Gov. Steve Bullock (D) announced a ban of at least three months on all flavored e-cigs, including nicotine, THC and CBD, beginning Oct. 22. On April 15, the state House Appropriations Committee cleared a bill to reform Montana's medical marijuana law. Among the measures is a provision directing excess revenue to a special account to fund pain management education. Meanwhile, a bill to legalize recreational marijuana use for adults over the age of 18 failed to advance a state House committee on March 28. *Source: Associated Press*

Nebraska

On May 30, Nebraska Gov. Pete Ricketts (R) signed a bill permitting cultivation of industrial hemp. On May 10, the Nebraska Legislature's Judiciary Committee cleared a medical marijuana bill by a vote of 5-1, advancing it to the full Legislature. *Source: Associated Press*

Analysis: The Nebraska Legislature and Gov. Pete Ricketts (R) have historically opposed medical marijuana programs, so a ballot initiative may stand a better chance.

Nevada

On June 6, Gov. Steve Sisolak (D) signed a bill creating a pilot program for marijuana banking and disallowing employers from refusing job applicants with failed marijuana tests. On May 1 the Las Vegas City Council voted 4-1 to approve new licenses for marijuana consumption lounges, which must be at least 1,000 feet from casinos, schools, and churches. *Source: Daily Mail*

New Hampshire

On Sept. 19, the New Hampshire Senate failed to override Gov. Chris Sununu's (R) veto of a bill allowing patients and caregivers to cultivate their own cannabis. Earlier this summer, Sununu also vetoed a bill to allow cannabis dispensaries operate as for-profit companies, but signed a bill allowing physician assistants to recommend medical cannabis. On May 30, the state Senate voted to delay action on recreational marijuana until late December or early next year. *Source: Associated Press*

Analysis: While Gov. Sununu has vowed to veto recreational cannabis legalization, House Speaker Steve Shurtleff (D) feels there is enough support in the House to override a veto.

New Jersey

New Jersey lawmakers are giving up on marijuana legalization bills and are now seeking to put legalization on the 2020 ballot. On Nov. 14, New Jersey lawmakers advanced a multi-bill package that includes a ban on flavored vape liquids and cartridges. On Aug. 23, New Jersey Gov. Phil Murphy (D) vetoed a marijuana expungement bill, while proposing several changes. On August 9, Gov. Murphy signed a bill establishing a program for cultivation, handling, processing, transport, and sale of hemp. On July 2, Gov. Murphy signed legislation expanding the state's medical cannabis program. On May 20, an Assembly committee cleared a bill to decriminalize marijuana. *Source: Marijuana Moment*

New Mexico

On April 1, Gov. Michelle Lujan Grisham (D) signed legislation (House Bill 581) that clears a path for legal hemp production. Meanwhile, New Mexico's House of Representatives narrowly passed a recreational marijuana bill (House Bill 356) on March 7 by a margin of

36-34, with significant modifications. The bill also passed out of the first Senate committee on March 9 but stalled in the Senate Finance Committee. However, a bill to decriminalize marijuana was signed into law. *Source: Albuquerque Journal*

Analysis: Gov. Michelle Lujan Grisham (D) supported legalization of marijuana during her gubernatorial campaign, though it appears that the measure will likely have to wait until the 2020 legislative session.

New York

On July 29, Gov. Andrew Cuomo (D) signed a bill to further decriminalize marijuana and expunge past convictions. The New York Senate and Assembly previously included Gov. Cuomo's marijuana legalization proposal in their budget bills on March 12; however, the legalization proposal wasn't included in Cuomo's budget on April 1. *Source: Forbes*

North Carolina

On Oct. 28, the North Carolina Senate approved an agriculture bill that includes a ban on smokable hemp as of June 1, 2020. On April 17, four state representatives filed a bill (HB 766), which would decriminalize small amounts of marijuana. Another bill filed in March (HB 401) would legalize medical marijuana in the state. *Source: High Times*

North Dakota

On May 2, Gov. Doug Burgum (R) signed a bill decriminalizing possession of small amounts of marijuana. The governor also signed two bills on April 23 - one removing a requirement that health providers certify that medical marijuana will help a patient and instead certify there is a qualifying condition. Another bill adds a dozen qualifying conditions, including autism, rheumatoid arthritis, anxiety disorder, and migraines. On March 25, North Dakota's Senate joined the House in approving a bill to regulate hemp production. *Source: Inforum*

Ohio

On Nov. 8, Ohio regulators banned vitamin E acetate additives in marijuana vaping products. On July 30, Ohio Gov. Mike DeWine (R) signed a bill that legalizes hemp and CBD in light of the state's prior crackdown on CBD. The Ohio Department of Agriculture will be testing all CBD products for safety and accurate labeling to protect Ohio consumers. *Source: Ohio.gov*

Oklahoma

On May 15, Gov. Kevin Stitt (R) signed a bill allowing the sale of hemp-derived CBD. On May 7, the governor signed legislation expanding the pool of physicians able to recommend marijuana licenses. *Source: The Oklahoman*

Oregon

On Nov. 14, Oregon's Court of Appeals placed a stay on Gov. Kate Brown's (D) ban on flavored cannabis vaping products. On Oct. 4, Gov. Brown issued an executive order imposing a six-month ban on all flavored vaping products. On June 11, the Oregon House cleared a bill that would allow interstate transfer of marijuana, but would require federal action before going into effect. On April 29, the state Senate cleared a bill to freeze Oregon's marijuana production at current levels for two years. *Source: Marijuana Moment*

Pennsylvania

On March 18, state Sens. Daylin Leach (D) and Sharif Street (D) introduced a bill (Senate Bill 350) that would allow recreational use of marijuana for adults over the age of 21,

possession of six marijuana plants, home delivery of marijuana, and on-site cannabis use businesses. *Source: CBS Pittsburgh*

Analysis: Gov. Tom Wolf (D) has shown lukewarm support for recreational marijuana, but the bigger obstacle is the Republican state legislature, in which the Senate leader has opposed the effort.

Rhode Island

Rhode Island's Senate Judiciary and Finance Committees and House Finance Committee held hearings on legalization of recreational marijuana during the week of March 18. *Source: Providence Journal*

Analysis: While Gov. Gina Raimondo (D) included legalizing recreational marijuana in her budget plan, there still appears to be considerable pushback in the legislature.

South Carolina

On March 20, a Senate subcommittee passed the "Compassionate Care Act," which would legalize medical marijuana by a vote of 5-1. The bill, authored by Sen. Tom Davis (R), made it to the House and Senate floor last year, but wasn't debated before the end of the legislative session. On March 28, Gov. Henry McMaster (R) signed a bill into law expanding the state's hemp program. *Source: Associated Press*

Analysis: While polling in South Carolina shows strong support for medical marijuana, passage of the Compassionate Care Act seems doubtful this year after missing a key deadline on April 10.

South Dakota

On March 13, Gov. Kristi Noem (R), who previously vetoed a hemp legalization bill, expressed openness to revisiting the issue after the USDA issues guidelines in fall 2019. In the meantime, state AG Jason Ravnsborg issued a statement on March 25 that industrial hemp and CBD remain illegal in the state. *Source: Capital Journal*

Tennessee

On March 27, Tennessee's Criminal Justice Subcommittee reviewed a bill (SB260/HB234) that would allow possession of medical marijuana for valid cardholders in other states. A similar bill (SB256/HB235), seeks to decriminalize marijuana possession of less than one ounce. However, state lawmakers have apparently delayed all medical marijuana bills until 2020. *Source: Tennessean*

Texas

On June 10, Gov. Greg Abbott (R) signed a bill allowing the production and regulation of industrial hemp and legalizing CBD. On May 24, the Texas House advanced a bill (HB 3703) to the governor's desk expanding the state's medical marijuana program for additional medical conditions. On April 28, the state House approved a bill to decriminalize small amounts of marijuana. *Source: Texas Tribune*

Analysis: Texas' legislative sessions only occur every other year (last session ended May 27) and the governor hasn't shown much support for expanding medical cannabis in the state, though he is open to decriminalization. Additionally, as the Senate's presiding officer, Lt. Gov. Dan Patrick (R) can single-handedly block any bill from a vote in the chamber.



Utah

On Sept. 23, Gov. Gary Herbert (R) signed legislation replacing plans for a state-run dispensary for medical marijuana with 14 privately run pharmacies, along with patient protections. *Source: High Times*

Vermont

On May 2, the state House cleared a bill to tax and regulate recreational marijuana sales (current law allows low-level possession and home cultivation). The bill next heads to the state's House Ways and Means Committee before heading to the House floor. Vermont's Senate passed a similar bill on Feb. 27. *Source: Cannabis Dispensary Magazine*

Analysis: The Senate bill passed with a veto-proof majority (23-5), but faces a steeper climb in the House.

Virginia

A bill signed by Gov. Ralph Northam (D) in late March expands Virginia's medical marijuana program by allowing a range of different cannabis products including CBD and enabling nurse practitioners and physician assistants to distribute certifications. The Virginia Board of Pharmacy has given conditional approval for five dispensary-style pharmacies in the state. *Source: WTVR*

Washington

On Nov. 18, Washington State regulators banned vaping products containing vitamin E acetate. Regulators passed an emergency rule banning sales of flavored vapor products for 120 days beginning Oct. 10. The rule follows a Sept. 27 executive order from Gov. Jay Inslee (D). On Aug. 21, Washington State regulators issued a notice banning CBD as a food ingredient. On April 15, the state Senate passed a bill legalizing industrial hemp.

West Virginia

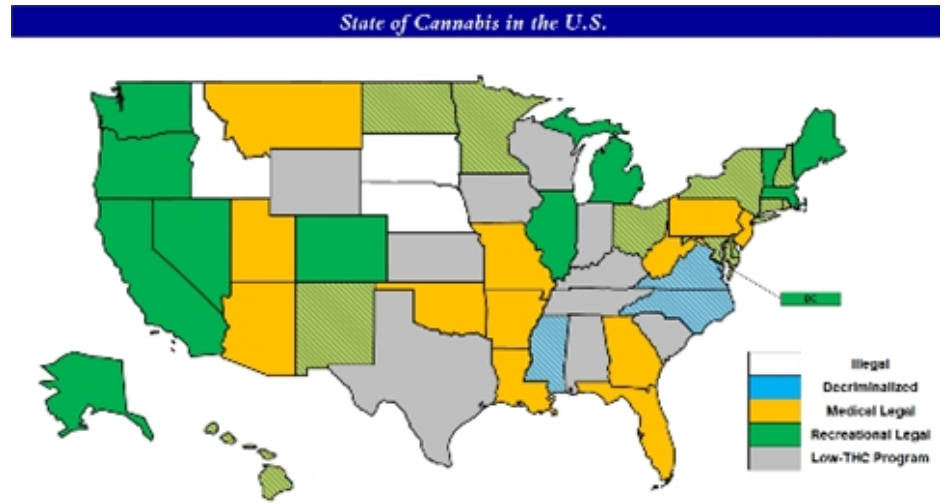
On March 26, Gov. Jim Justice (R) signed into law House Bill 2538, which "allows the State Treasurer to select, by competitive bid, one or more financial institutions to provide banking services for the fees, penalties, and taxes collected in association with West Virginia's medical cannabis program." *Source: Marijuana Moment*

Wisconsin

On Nov. 12, the Wisconsin Assembly approved a bill aligning the state's hemp regulations with new proposed federal rules. On Oct. 8, the Wisconsin Senate passed a bill to align the state's hemp program with the 2018 federal farm bill's regulations. On May 9, Gov. Tony Evers' (D) budget proposal was rejected by the state Legislature's joint finance committee by a vote of 11-4. The proposed budget would decriminalize possession of up to 25 grams of marijuana and allow recreational use. It also proposes legalization of marijuana for medical use for a wide range of health conditions. *Source: Marijuana Moment*

Analysis: Although there is some bipartisan support for Evers' cannabis proposals, Republicans maintain control of both houses of the Wisconsin legislature and hold a 2-to-1 margin in the Assembly.

Cannabis Legalization Summary



Source: Cowen and Company

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State	% of Population	% of Real GDP	Law Passed	First Retail Sales
Alaska	0.2%	0.3%	2014	Oct-16
California	12.1%	14.3%	2016	Jan-18
Colorado	1.7%	1.8%	2012	Jan-14
District of Columbia	0.2%	0.7%	2015	NA
Illinois	3.9%	4.2%	2019	NA
Maine	0.4%	0.3%	2016	NA
Massachusetts	2.1%	2.7%	2016	Nov-18
Michigan	3.1%	2.6%	2018	NA
Nevada	0.9%	0.8%	2016	Jul-17
Oregon	1.3%	1.3%	2014	Feb-16
Vermont	0.2%	0.2%	2018	NA
Washington	2.3%	2.6%	2012	Jun-14
Total	28.5%	31.8%		

Source: Cowen and Company

State	% of Population	% of Real GDP	Year Approved	Year Effective
Alaska	0.2%	0.3%	1998	1998
Arizona	2.2%	1.7%	2010	2011
Arkansas	0.9%	0.7%	2016	2016
California	12.1%	14.3%	1996	1996
Colorado	1.7%	1.8%	2000	2001
Connecticut	1.1%	1.3%	2012	2012
Delaware	0.3%	0.4%	2011	2011
District of Columbia	0.2%	0.7%	2009	2013
Florida	6.4%	5.0%	2016	2017
Georgia	3.2%	2.9%	2019	2019
Hawaii	0.4%	0.5%	2000	2000
Illinois	3.9%	4.2%	2013	2014
Louisiana	1.4%	1.2%	2016	2018
Maine	0.4%	0.3%	1999	1999
Maryland	1.9%	2.0%	2014	2014
Massachusetts	2.1%	2.7%	2012	2013
Michigan	3.1%	2.6%	2008	2008
Minnesota	1.7%	1.8%	2014	2014
Missouri	1.9%	1.6%	2018	NA
Montana	0.3%	0.3%	2004	2004
Nevada	0.9%	0.8%	2000	2001
New Hampshire	0.4%	0.4%	2013	2013
New Jersey	2.8%	3.1%	2010	2010
New Mexico	0.6%	0.5%	2007	2007
New York	6.1%	7.7%	2014	2014
North Dakota	0.2%	0.3%	2016	2016
Ohio	3.6%	3.4%	2016	2016
Oklahoma	1.2%	1.0%	2018	2019
Oregon	1.3%	1.3%	1998	1998
Pennsylvania	3.9%	4.0%	2016	2016
Rhode Island	0.3%	0.3%	2006	2006
Utah	1.0%	0.8%	2018	2020
Vermont	0.2%	0.2%	2004	2004
Washington	2.3%	2.6%	1998	1998
West Virginia	0.6%	0.4%	2017	2019
Total	70.9%	73.0%		

Source: Cowen and Company

Legal Hemp/CBD (Action Taken Since 2018 Farm Bill)			
State	Hemp Cultivation	Interstate Shipment	CBD
Alabama			
Alaska			
Arizona			
Arkansas			
California			
Colorado			Yes
Connecticut			
Delaware			
District of Columbia			
Florida			Yes
Georgia	Yes		
Hawaii			No
Idaho			
Illinois			
Indiana			Yes
Iowa	Yes		
Kansas	Yes		
Kentucky			
Louisiana			
Maine			Yes
Maryland			
Massachusetts			
Michigan			No
Minnesota			
Missouri			
Montana			
Nebraska			
Nevada			
New Hampshire			
New Jersey			
New Mexico	Yes		
New York			Yes*
North Carolina			No
North Dakota			
Ohio	Yes		Yes
Oklahoma			Yes
Oregon			
Pennsylvania			
Rhode Island			
South Carolina	Yes		
South Dakota	No		No
Tennessee			
Texas	Yes		Yes
Utah			Yes
Vermont			
Virginia			
Washington	Yes		No
West Virginia			
Wisconsin			

Source: Cowen and Company

VALUATION METHODOLOGY AND RISKS

Valuation Methodology

Cannabis: Our valuation methodology is primarily based on Relative EV-to-Sales (EV-to-Sales divided by Sales-Growth), followed by EV-to-Sales.

Investment Risks

Cannabis: Cannabis is an emerging industry and is subject to regulatory headwinds. While over 50% of the population is in favor of legalization, only a few states have thus far legalized cannabis for recreational use and the product remains illegal at the federal level. Looking forward, much work and change still needs to occur in order for this industry to realize its full potential.

Risks Pertaining to U.S. Cannabis-Related Companies: If you are considering investing in a U.S. company that is connected to the cannabis industry, be aware that cannabis-related companies may be at risk of federal and/or state criminal prosecution. The Department of Treasury has issued guidance that The Controlled Substances Act ("CSA") makes it illegal under U.S. federal law to manufacture, distribute, or dispense cannabis and cannabis-related products. Many states impose and enforce similar prohibitions. Notwithstanding the federal ban, however, many U.S. states and the District of Columbia have legalized certain cannabis-related activities.

Risks Pertaining to Canadian Cannabis-Related Companies: In Canada, cannabis is an emerging industry and is subject to regulatory headwinds. While both medical and adult-use cannabis is legal in Canada, the category will be subject a number of potential headwinds, including taxes and restrictions on form factors and packaging.

ADDENDUM

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Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
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