

Speaker 1 ([00:09](#)):

Welcome to the higher enlightenment podcast brought to you by higher yields cannabis consultant

Speaker 2 ([00:18](#)):

Suggestion for mature audiences, parental discretion advise are restricted persons under 16, not admitted unless accompanied by parent or adult guardian X persons under 18 will not be admitted. This seal in advertising indicates that the film was approved under the motion picture code of self-regulation.

Speaker 1 ([00:46](#)):

Hello and welcome to the higher enlightenment podcast brought to you by higher yields cannabis consulting, your seed to scale cannabis business solutions team, and the creators of the innovative cannabis consulting business solutions system, higher enlightenment. So what are these podcasts about? The higher enlightenment podcast was created to discuss everything cannabis, whether it be cannabis, industry news and cannabis industry, insider insights, advice, and tips to establish your own successful cannabis business and cannabis pop culture. In general, we'll also be discussing cannabis news from around the globe. A new episode of the higher enlightenment podcast will be released every two weeks. I'm Adam from higher yields consulting, and today we'll be discussing the impact that cannabis has on the local real estate market. We are joined by Jim Marty of bridge West CPAs, Chris T garden, the government relations director at HYC Mark Fisher, a partner of H Y C's real estate team and John Valdez, vice president and real estate director at HYC.

Speaker 2 ([02:09](#)):

We appreciate your choosing our theater and to make this experience more enjoyable for everyone. We hope you'll refrain from talking during the show. Thank you.

Speaker 1 ([02:19](#)):

So starting with Chris, could you please give it a little introduction to yourself?

Speaker 3 ([02:24](#)):

Hi, my name is Christine Darden. I'm the former mayor of Edgewater Colorado and the director of government affairs here at higher yields. Thanks. How about you Mark? Hi, I'm Mark Fisher. I am the director of membership excellence. You're at higher yields consulting. Uh, my background is in licensing and acquisition of real estate. Thank

Speaker 1 ([02:52](#)):

You, Mark. Uh, how about you, Jim?

Speaker 3 ([02:55](#)):

Jim Marty. I'm a CPA, um, and founder CEO of bridge West. We are, um, accountants and advisors to the cannabis industry and we do the tax and accounting work for about 400 cannabis license holders nationwide.

Speaker 4 ([03:12](#)):

Well, thanks for joining us. We really appreciate it. We'll be discussing a few topics here, like economic development, job creation, uh, community engagement, tax revenue, and benefits of social equity, also

involvement in local communities. Let's first talk about job creation once you purchase the cannabis property. The next step is hiring local community members. Chris, you had some great experiences in edge water. What can you tell us about job creation when you were working there as mayor?

Speaker 2 ([03:49](#)):

One of the things that was very particular to Edgewater Colorado is that the city of Edgewater took absolutely no property taxes from its businesses or its citizens. It was all, uh, funded on sales tax. Um, so the retail sector in edge water, we were a land land block community, and, uh, retail was major. We had six, uh, retail dispensaries in the city of Edgewater and they employed close to through a hundred people and revenue streams from our tax dollars, which was at 3.50 cent, um, was upwards of 1.2, \$5 million in fiscal year, 2018. So the revenue generated just out of those brick and mortar retail stores was quite astounding and amazing. And as you could tell that servicing those retail stores is touching major parts of the cannabis industry as a whole. So from that standpoint, especially on the local level, it generates a lot of cashflow.

Speaker 2 ([05:09](#)):

And we also saw upticks and our tax base across the board, especially in our, uh, restaurants and other shopping centers, because we were extremely liberal and where we put our, uh, our retail shops. And so we would see a lot of people, uh, visiting, uh, cannabis stores, and then also doing some shopping while wrapping the, uh, shopping with cannabis stores into a full day of visiting our city. Uh, you know, when you're talking larger municipalities and County levels, you probably start looking at, um, a lot of those property taxes and, and larger operations that are going employ more people. And especially when you start looking at the cultivation side of things, manufacturing side of things, you are starting to look at, um, more of the skilled trades being involved and higher vertical, uh, company operations that are going to employ more management styles. So you have people down on the, uh, uh, entry-level jobs all the way up to manage aerial and then to executive. So,

Speaker 3 ([06:28](#)):

And Chris, if I could chime in, yes, sir. One of those retail dispensary's and Edgewater were clients of ours and, uh, you had a very good competitor, competitive advantage cause you had extended hours compared to Denver.

Speaker 2 ([06:43](#)):

Oh yeah, we sure did. And, uh, Denver at the time, uh, when we started, it was, uh, uh, they closed their shops at 7:00 PM and Edgewater stayed open till midnight and we were open till midnight right out of the gate. So those five hours that we were open from seven to midnight, we, we did well, I can't deny that. And I know that our experiment, uh, was used quite a bit when the, uh, the committee chaired by, uh, gosh, I can't remember her name, great council woman on Denver, uh, city council. Um, I don't know their committee and, and just gave them an idea of a bar area and some, they went to 10:00 PM now. I think we did naturally see a drop-off, but not too much.

Speaker 3 ([07:39](#)):

Yes. And I have a couple of stories I could share. And 2008, you know, the great recession, there was a lot of vacant warehouse space in and around Denver. And I mean, you're talking about landlords that were jumping at a dollar, a square foot, and 2009, 2010, the Obama administration came out with their memos that said they would not interfere with state compliant, cannabis businesses, and a good story.

One of my clients who will go on named, because this guy who had a vacant building in an industrial part of Denver and the guy's just sitting there, he's 80 years old and sitting in his vacant building, the phone rings, my client says, Hey, we want to rent your building. We want to grow medical marijuana. It was just medical at the time, the 80 year old gentleman says, is that legal? My client says, yes, we think so. He goes, okay. So they rented that warehouse for about a dollar, a square foot. I would say today, you're not going to get anything under \$10 a square foot and probably quite a bit more. Yeah. And the other big impact is the minute you sign that lease, you're pulling building permits, you're buying lights, you're upgrading the heating and lighting and electricity and water and air conditioning. So you're putting people to work immediately upon purchasing or leasing a building.

Speaker 5 ([09:13](#)):

And also you're creating a higher value because of the, the best use for a property is the valuation of the property. So now you're pushing that square foot price up. It's creating a whole different market than what the market was in eight, nine and 10 when it first started. Yeah.

Speaker 3 ([09:30](#)):

Yes. And within two or three years, the County assessors are going to revalue that real estate and your real estate taxes are going to start to go up as well.

Speaker 5 ([09:41](#)):

Then you have more money into back into the community.

Speaker 3 ([09:44](#)):

Now we're talking about Colorado. I believe this, uh, webinar will be broadcast nationally. So not everyone has the same resets for property taxes that we do here in Colorado. Hey, Chris, uh, about how many jobs can a dispensary create? Do you have an average

Speaker 2 ([10:04](#)):

You are going to have anywhere from four to five people in the sales room, you're probably going to have a couple people in the back. So we'll just say that with seventh and going to have a manager, that's going to be eight at each shift. Uh, you may have, um, people coming to the store, picking up, uh, cash deposits and other things. Uh, but I will just stick to the store. So we'll just say eight people employed per shift. Uh, and then you are open from eight in the morning to midnight. Uh, most places aren't like that. So I'll go down to two. So you're talking 15 to 16 people, uh, on a shift in a, in a larger retail storefront at any given given time. So then, then you could say, you're looking upwards up to just that brick and mortar store, uh, 30 to 50 people, depending on how big that store is. That would be my guesstimate, which is quite a bit

Speaker 3 ([11:07](#)):

Chime in on the cultivation extraction side. Um, even more so, you know, 50 to 75,000 square foot cultivation, they're going to probably employ 50 people. Uh, cultivation is very, very labor intensive. You'd have to look at every plant every day, probably 20,000 plants in a facility that size watering nutrients, harvesting, trimming very, very labor intensive on the cultivation side. And it's really doesn't lend itself to automation. So Chris, did you see a large drop in unemployment when this industry opened up?

Speaker 2 ([11:48](#)):

Oh yes. Uh, the market, uh, the retail market and edge water just exploded all over the place. And there were jobs being created, uh, blighted spaced and entered water was, um, filled, which was called the Azure marketplace. That was kind of a destination plan of small shops, kind of that shared, um, shared open space. You know, it's kind of a throwback to those old eighties malls where the food court was and everybody hung out and now they just rewrapped it and added beer and cannabis to it. So, uh, that was amazing to see, uh, some of the things that Edgewater was able to do with, with cannabis. We finished our infrastructure, one, two, uh, we moved a lot of our old and dilapidated buildings, our civic buildings that the city owned into a new civic center, uh, and that was really pushed by the cannabis money.

Speaker 2 ([12:50](#)):

And that opened up more retail space for other businesses talk by. So when I was done being mayor that was putting on the last processes is, uh, opening, opening up more retail space, which invariably added more retail jobs. And so yes, at the end of the day, uh, we, we as a city and as the private sector working together, we were creating more jobs, not only in the cannabis industry, but across the board. So Mark, it seems that cannabis can create a lot of opportunities for learning on the job. Do you agree with that and why?

Speaker 6 ([13:32](#)):

Oh, without a doubt. Um, first of all, we're a new industry. Uh, so everybody's learning on the job, uh, whether you've been in this, uh, in the market before, uh, we became recreational, I'm speaking to you from California. Um, I can also tell you the, uh, that, that, uh, Kristen, um, already we're, we're absolutely, uh, spot on with the numbers. Um, you're looking at about a 35 to 50 people per dispensary. Um, the one thing we forgot to mention there was a deliberate, uh, as well. So, uh, you have a lot of guys out there delivering and where, for instance, um, if you have a guy working, uh, as a pizza delivery guy or a delay delivering for any other restaurant, uh, whether it's Postmates or whatnot, um, these guys are working, uh, for very nominal wage where the delivery person for a cannabis company is going to most likely, um, run anywhere from that \$25 to \$35 an hour.

Speaker 6 ([14:42](#)):

Um, so immediately starting without tips, uh, just by the breakdown of, of the, of the work they're going to make more, um, that also, uh, it leads to a lot of opportunities vertically, uh, within each organization. Um, because somebody that is a, a, a bud tender and, uh, gains knowledge on the different brands, uh, how to relay that to people that often will lead to not just the retail side of things, moving up into management. Uh, but then, then there's a lot of opportunity, uh, in distribution and sales. And, uh, one thing we haven't mentioned here yet is we can employ what used to be the unemployable. If somebody has a record, uh, say they had an incident in their life, uh, where they were, they, they were arrested for cannabis, um, which would prohibit them from working, from working in multiple industries. Um, we're okay. Uh, and I can't speak to the drivers or the warehouse forklift, uh, workers, uh, but usually there is no barrier of entry as far as testing for cannabis, as far as drug testing. And, uh, you're seeing a lot of industries throughout the country, um, have a real difficult time hiring people because they can't find people that can, uh, pass the drug test, uh, for cannabis, uh, here, not a barrier. That's

Speaker 3 ([16:18](#)):

Right, Mark. Uh, the joke

Speaker 6 ([16:21](#)):

We like to tell is we only test for positives. Yeah.

Speaker 3 ([16:27](#)):

That's a good one. Return to the higher enlightenment podcast in the moment. Do you need help in applying for a cannabis business license? Do you have questions about the process? Are you feeling overwhelmed? Good news, higher yields cannabis consulting can help our cannabis licensing experts offer industry leading support for all cannabis related businesses. Our team of experienced application writers has worked on over 100 cannabis license applications. Higher yields has worked on regulations and cannabis licensing in over 25 States across the USA and internationally in more than 10 countries, they've also helped our clients be a woman licenses 13 plus married based States. If you need assistance with cannabis licensing process, don't hesitate to call us. Our initial consultation is free. Please call eight four, four, or visit our website@wwwdtohigheryieldsconsulting.com. We now return to the higher enlightenment podcast brought to you by higher yields cannabis consulting. Mark, you've been involved in many different projects throughout the country. How beneficial and important do you think it is to start at the ground level

Speaker 4 ([17:50](#)):

And be one of the first people into the market?

Speaker 6 ([17:53](#)):

Um, it, it's, it's very important as far as, uh, uh, uh, a number of different factors. Number one, being, um, it's usually less expensive at the very beginning, especially since we're talking about real estate. Um, once the, uh, the green zones are developed and, uh, the, the early adapters come in, um, they, they set a price, uh, which is genuinely over market value to begin with. But then as Marty mentioned that, uh, uh, eventually the, uh, you get reassessed and, uh, those taxes, uh, drawing more revenue for the, for the town. It also is fantastic, uh, for the investors in the property originally,

Speaker 5 ([18:42](#)):

Right? And then I've, I've seen in Colorado where I'm from that it actually helps the residential market, not only in the commercial sector, but the residential sector also increasing the values in that community. So that brings in more revenue, more tax revenue, higher paying jobs. It's, it's a snowball effect on the whole real estate market. I think that's great.

Speaker 4 ([19:04](#)):

Let's talk about community engagement. What are some of the effects on the community like job creation and how it affects bars, restaurants, and all the other community members

Speaker 6 ([19:17](#)):

I'll speak to that generally. And then I think we will go to Chris and Marty for more, more local, um, affects it, especially Chris, you were, you were where the rubber meets the road. Um, and that's where everything starts, um, with the local government. Uh, but it also begins in the community, uh, with, with teaming up with nonprofits, um, just by the nature of a dispensary or a cultivation facility to security that, uh, that goes on with it, um, is incredible. So typically some of these green zones are not in the best neighborhood. They haven't been gentrified. Um, well once we start, um, developing cannabis

properties, uh, just by the nature of the game, money starts flowing in a, uh, B would be, uh, the security, uh, uh, requirements are quite heavy, usually 24 hours security on the property. Um, and, and that tends to, uh, to calm things down in the neighborhood, not to mention the beautification and B the renovations that go on, um, uh, for it to be in the green zones. Usually let's, let's be Frank, the green zones are usually in pretty rundown neighborhoods given a few years, give it a few years. They're not so

Speaker 3 ([20:48](#)):

Run down. Does anybody

Speaker 2 ([20:50](#)):

Else have something to say about that?

Speaker 3 ([20:52](#)):

Well, Jim here, um, you know, there's a social equity component. Um, I've been working with, uh, the team here on some applications in Illinois where I'm having a little bit of a drug bust on your record can actually be, uh, give you some extra points on an application. Um, so the whole social equity component turns everything 180 degrees from where it was before, where people, as, uh, as Mark said, a few minutes ago, people who might not be able to get a job in other industries now, they actually are a enhancement to, uh, a craft cannabis application in Illinois, for example,

Speaker 2 ([21:34](#)):

Just reaffirming. Uh, and one of the big things that, um, what that tax revenue had definitely frees up some of the social aspects. Like I had said before, um, you know, completing a full infrastructure project, uh, sped up that investment in the community, which, you know, people are going to be attracted to, to go live, work and play in those areas that are kept up. Uh, that's the nuts and bolts of what a city does is making sure that infrastructure is working properly and is up to date. Uh, second, uh, in many municipalities across California and in Colorado are using their tax revenues in different ways. But with our, uh, limited resources with the new civic center was huge, uh, for our community, uh, police station. Um, somebody threw a rock through the window of a police of our police station and they thought it was an abandoned building.

Speaker 2 ([22:38](#)):

And the police came out and talked to the lady. She was just very upset. And, um, so the police to ask, why did you throw the rock through our window? And she said, well, I thought it was an abandoned building and everybody got a laugh out of it. So when we, we, the police station in the stomach center, we also, uh, partnered with the, uh, the Jefferson public, uh, library. It's a district and we paid for the building and we charged the public library \$1 a year. So that was accessible to not only edge water, but also Northeast Lakewood, our, uh, our neighbors to the, to the South of us. So it was a joint venture. And, uh, my, a good friend mayor Adam Paul was, uh, came out for the groundbreaking and it was just a, uh, a great show of community spirits and, and one last thing. And when we invested in Edgewater, we were able to, uh, our house, uh, we were able to, uh, come in very affordable and even with six dispensary's and less than one square mile open from like eight in the morning to midnight, our, um, property values went up, uh, like 110%. So the myth of property values being going in the tank, if cannabis comes to your town is absolutely false.

Speaker 5 ([24:18](#)):

It's great. It sounds like it brings not only your community in municipality that you're in, or you were in, or wherever it's opening up the dispensary. It brings the surrounding municipalities together. Also, that's creating a huge sense of community, not just in your community, but the surrounding communities around you.

Speaker 3 ([24:33](#)):

You said a few comments here that might say weigh us into the next topic, which is that, you know, these tax revenues, while they may not be very super large or super significant as a percentage of a total budget of billions and billions of dollars there, what's, what's interesting about this, these marijuana tax dollars as they come in is it's new revenue, which is very, uh, for a city or a County, is something very new and different to have a new source of revenue. And it's not already encumbered, you know, and, uh, I think, um, Chris can, can, um, back me up when I say that in a city's budget, probably 90% of that money is already spent. There's very little discretionary money left in a, a city, a County or a state's budget. Well, the point I'm making is this is new and more importantly, it's unencumbered money of the immediate, uh, neighborhood.

Speaker 3 ([25:35](#)):

Um, just to, to give an example, um, down in, uh, in New Jersey, uh, right near the state Capitol, uh, there's a dispensary that popped up in a neighborhood we're talking extremely old established neighborhood. There was a pizza place there that opened in 1967, um, immediately following the opening of the dispensary, their revenue at the pizza joint, uh, doubled and, and stayed that stayed level to this day. Uh, so, you know, in of course, uh, they were a little wary when they realized their next door neighbor was going to be, uh, a cannabis dispensary. Uh, now, uh, they've teamed up in the running specials together. Um, smoke shops, uh, in the neighborhood are booming. Um, and as they were in, these are old cigar stores that have been there for 40 to, to 50 years or generational, uh, businesses that have now found whole new revenue streams. Uh, one of my mountain clients here in Colorado was instill is upstairs from the liquor store. And when he first went in there, the liquor store complained. They didn't like the smell, you know, there was going to be problems. And then the liquor store sales started to go up and he stopped complaining.

Speaker 5 ([27:13](#)):

Yep. We work in Trinidad, Colorado, quite a bit, a small town in Southern Colorado. Uh, they allow cannabis to go in and increase the values of real estate. Tremendously brought in big players from Denver, like Dana Crawford, who is the Crawford hotel, uh, developer in Denver, brought her out to Trinidad to start purchasing tons of real estate out there, putting money back into the community. Uh, Hickenlooper gave, I think it was \$16 million to do a art center in Trinidad, a grant for them. Uh, it just brought a lot of income and revenue, tourism and everything else in that area. Uh, the, um, they have, uh, uh, Apogee, which is a, is a subsidiary of burning man. They have that for the last three years. There it's a big festival brings in about 3000 people a year. So it definitely brings in a lot of, a lot of different people and opportunities for people

Speaker 3 ([28:10](#)):

Let's segue into tax revenue and the opportunities that States and cities have. What can municipalities do to attract operators? What you find, especially as you get up into other States that may be are heavy in population, but smaller geographically take Massachusetts. For instance, there's not a lot of properly zoned places that meet all the setback requirements. So will you find very quickly in a state like

Massachusetts, is that even though Massachusetts does not have limited licenses, would they definitely have very limited, properly zoned spaces for cultivation and retail? So that's my comment on, um, on zoning is you're going to find very few places. So if you happen to get lucky and you have one of these, then you can probably get a license in Jim Massachusetts. Uh, the towns, they are, are competitive as far as being able to set their own tax rates. I don't know if that was the case in Colorado, but, uh, it is the, so what you're seeing is some competition amongst the towns, uh, to give a more advantageous tax rate, uh, in attract, uh, cannabis companies as well. Yes, some want them and some don't want them. I think Mark can chime in maybe, um, the term that we use here in Colorado is home we're home rule state,

Speaker 6 ([29:42](#)):

Which means that our municipalities can set their own tax rate. You mentioned edge legit Edgewater said their city tax rate at 3.5%.

Speaker 2 ([29:51](#)):

The interesting thing is quite true. There was an issue up in Adams County, which is in Northern Metro Denver, that a County was going to put more restrictions and more regulations on the industry and also higher tax rates. Well, you go across the block and then there's another city in there in a different County that wasn't doing that. So the, the, the great competition there, and, um, from the, uh, also from the cannabis community was loving, uh, unfair advantage and, and certain zoning areas where there that was within the city or with the competition between cities and counties. And that does happen. Retiring is amazing. And one of the things going forward, if you're in a prohibition state right now, uh, really try to look for what the state is doing and what they're going to allow flexibility for the local communities that is so key on allowing this experiment, if, uh, if a locality, whether that's your County or your cities to embrace, this is to make it community oriented.

Speaker 2 ([31:07](#)):

Let those regulations fit that community while this experiment is rolling out and then adding to it. Luckily in Edgewater, we went for the home run and we slammed the home run. That may not be the case in every community, but I think allowing those local communities to flexibility, having those operators and the industry come in to a friendly environment to make sure that that process is effective and, and just like any other business, let it thrive and see where it goes because the tax revenue is there and being able to free up a major part of a tax revenue stream, especially when local communities across United States are strapped for cash. It is so important to be able to have that implemented into your totality of an economic portfolio, especially on the local level. It is just in my opinion, vital,

Speaker 6 ([32:08](#)):

The municipalities that are next door to the ones that, uh, do not embrace cannabis. Um, uh, for instance, in California to this day, uh, only about a third of the municipalities have cannabis, uh, op cannabis companies, excuse me, operations um, those neighbors, uh, to then to the, to the North, South, East and West of the, of the municipality that has refused to embrace this were put restrictions in zoning or slid other things like that into, uh, um, into the mix to make it more difficult to operate. Um, so those become targets. Uh, you want, you want to be in the town next to the town that doesn't allow, uh, cannabis.

Speaker 5 ([33:03](#)):

That's a Trinidad. Trinidad is a border town and they thrive because of that.

Speaker 3 ([33:10](#)):

That's a juice, it's no adult use in New York, Connecticut, Vermont, New Hampshire, very limited adult use in Maine. So yes, it was getting a lot as well in Rhode Island, but they get a lot of cross border traffic.

Speaker 5 ([33:25](#)):

In your opinion, Jim collecting excise tax for the cultivation, is that better? Or is the retail tax a better source of revenue for taxes,

Speaker 3 ([33:35](#)):

Specific attacks that matters? It's the combination of it all. You can't go too far like, um, you know, California has, in my opinion, where the customer is paying 40% tax at the cash register, um, they'll go back to the black market. That's what California has really struggled, although they're doing a good job moving from the illicit market to the legal market. Uh, there's still a large illegal marketing California because their taxes are so hot. Now, Colorado, you go to the cash register here, and it's about a 21% tax. Your \$10 joint is going to cost you \$12 and 10 cents. And we have pretty much put all the local marijuana dealers out of business. In fact, uh, some of them have been friends of mine and boy, they sing the blues that they used to get \$400 announced five, 10 years ago, and they're just out of business.

Speaker 3 ([34:34](#)):

So, um, you have to have the right balance, um, all in. And I think this is maybe leads into the next question. And I'll just jump to it is all in Colorado was probably at about 50% total. So our legal cannabis industry is just under \$2 billion a year. And between the state and the cities, they collect about a billion and that billion is made up of income tax on Colorado business tax returns. It's made up of regular sales tax on medical marijuana. It's made up of regular sales tax on adult use marijuana. Then you have an excise tax, as you just mentioned per pound, but \$150 a pound when it moves from the cultivation to the retail. And then finally you have a syntax. I call it an extra 10% tax generally on retail marijuana. So that puts you at about 21% at the cash register, and then all in we're pretty much collecting it, um, 50 cents of tax for every dollar that a customer spends. That's pretty impressive. I mean, that's, that's quite a bit that the municipality is bringing in or the state brings in well, that state and municipality combined. Yeah. Yeah. That's, that's pretty pretty, uh, I didn't realize it was that much. That's great information to know. Well, that's about all the time we have for today. I'd like to thank you guys for taking the time out of your busy days to share your knowledge with us. We really appreciate it.

Speaker 1 ([36:14](#)):

Also. I'd like to thank the listeners. There's much more to come, so stay tuned and please join us next time and please stay tuned for some partying announcements for information on how to follow the higher enlightenment podcasts. Please be sure to check out the description below you'll receive all the latest and greatest podcasts news and announcements. We'll also let you know when we release new episodes. If you'd like to be a guest on the higher enlightenment podcasts or have ideas about upcoming episodes, please be sure to check out the description below for information about sponsorship or advertising on the higher enlightenment podcasts. Please call us at eight four four high yield that's eight four four H I Y I E O D. Or visit our website@wwwdothigheruconsoling.com. Thanks. Have a great day. And we'll talk to you soon.

Speaker 3 ([37:47](#)):

Scene one, Apple, take two, Mark.

