



March 14, 2023

Mayor, Jean Stegeman
Council Members DeDamos, Dulak, Jones, Klitzke, Marineau, Nutter, Plemel, Robinson
City of Menominee
2511 10th Street
Menominee, MI 49858

Dear Mayor Stegeman and City Council Members:

Please find for your consideration the enclosed third party analysis of *The Economic and Fiscal Impact of Proposed Cannabis Dispensaries in Menominee, Michigan*. Higher Love Corporation retained Anderson Economic Group, LLC of East Lansing, MI to study the net new economic and fiscal impact of opening one, two, or five proposed cannabis dispensaries in Menominee, Michigan.

Since 1996, Anderson Economic Group, LLC offers research and consulting in strategy, business valuation, public policy, and market analysis. Their work is based on core values of professionalism, integrity, and expertise. Anderson Economic Group is one of the few professional service firms in the United States to follow a quality assurance program based on ISO 9000 principles. They carefully document methodology and sources; insist on high standards of organization, writing, and data visualizations in reports. This approach results in work that has consistently withstood scrutiny of business leaders, investors, attorneys, lenders, government officials, and others.

In the enclosed report Anderson Economic Group estimate the direct and indirect impact of hiring, payroll and operations spending from cannabis retailers, the potential tax revenue generated from these activities and finally, they describe the impact of the marijuana industry on related crimes.

In this report, Anderson Economic Group does not estimate the number of tourists that may come to Menominee after legal cannabis dispensaries are developed. The findings they describe are limited to those that would be generated by the construction, operations, and tax contributions of the dispensaries, and are not otherwise likely to occur in Menominee without this new economic development. The report also does not include the significant additional investment, employment and tax revenue that would occur from the construction of our growing operations under Ottawa Innovations.

As reported in February 2023, Governor Whitmer's budget estimates the state will distribute nearly \$240 million collected from recreational marijuana excise taxes, with \$71.7 million being divvied between participating counties and local municipalities and \$83.6 million each going to the School Aid and road funds.

Attached you will find a draft motion to present, discuss and pass. We look forward to safely operating as corporate citizens in The City of Menominee in 2023.

Respectfully,

A handwritten signature in cursive script that reads "Joni Moore".

Joni Moore
President
Higher Love Corporation
(906) 370-8676
joni.moore@ottawainnovations.com

Enclosure

The Economic and Fiscal Impact of Proposed Cannabis Dispensaries in Menominee, Michigan

- Anderson Economic Group, East Lansing, MI

**A RESOLUTION EXPRESSING CITY COUNCIL'S DESIRE TO ENACT AN ORDINANCE AMENDING
THE MARIHUANA ESTABLISHMENTS ORDINANCE SECTION XX.02(B) TO AUTHORIZE A TOTAL OF
SEVEN (7) MARIHUANA RETAILER ESTABLISHMENTS**

WHEREAS the City Council enacted a Marihuana Establishments Ordinance that limited the number of marihuana retailer establishments in the City of Menominee to two (2); and

WHEREAS due to overwhelming demand for the two (2) marihuana retailer establishment licenses, the City of Menominee obtained more applications from qualified applicants than licenses; and

WHEREAS the City's Marihuana Establishments Ordinance and application process, as well as whether the ordinance and process complies with the MRTMA, MCL 333.27951 et seq, are currently the subject of ongoing litigation that has not been resolved on the merits. Thus, the City Council acknowledges that it is not appropriate to award additional license(s) under that process or in reliance on that process, because the court may ultimately determine that such process did violate MRTMA; and

WHEREAS due to the ongoing litigation, the City Council acknowledges that it is not appropriate to award additional license(s) under that process or in reliance on that process. Instead, the City Council hereby expresses its desire to resolve all pending litigation with certainty by globally settling with all plaintiffs to the litigation and award licenses to each party thereto.

WHEARAS nothing in this resolution prohibits the City Council from amending its Marihuana Establishments Ordinances or policies in the future.

NOW THEREFORE, BE IT RESOLVED that the City Council hereby expresses its desire to initiate the required process toward consideration of an ordinance amending the Marihuana Establishments Ordinance, Section XX.02(8) to authorize a total of seven (7) marihuana retailer establishments, and to award the additional five (5) licenses to Attitude Wellness, LLC d/b/a Lume, Highwire Farms, LLC, O.I. Holdings, LLC, Rocky North, LLC d/b/a Green Pharm U.P., and NU Group, LLC, if or when the ongoing litigation has been resolved and/or disposed of entirely on the merits.

CERTIFICATION

I, hereby certify that the foregoing is a true and complete copy of the resolution adopted by the Menominee City Council of the City of Menominee, County of Menominee, State of Michigan, at their _____ meeting and recorded in the official liber of the Menominee City Council of the City of Menominee, County of Menominee, State of Michigan.

Dated: _____

Kathleen A. Brofka
City Clerk Treasurer

(SEAL)

The Economic and Fiscal Impact of Proposed Cannabis Dispensaries in Menominee, Michigan

Prepared by:

Anderson Economic Group, LLC
Tyler Theile, Public Policy Director
Tina Dhariwal, Senior Analyst

Anderson Economic Group, LLC
East Lansing | Chicago

www.AndersonEconomicGroup.com

I. Executive Summary

PURPOSE OF REPORT Cannabis has long been a part of American culture even though the product has been strictly regulated over the last century. Contemporary attitudes toward cannabis have shifted in recent years, with a growing number of states, including Michigan, legalizing medical and recreational cannabis.

Although the Michigan cannabis industry is becoming more established, some regulations are hindering future growth and are perpetuating the existence of an illicit market, which is not subject to state mandated safety testing, and does not produce the tax revenues that legal sales do.

Ottawa Innovations retained Anderson Economic Group to estimate the economic and fiscal impact of legal cannabis in Menominee, Michigan.

In this report, we quantify the net new economic and fiscal impact of opening one, two, or five proposed cannabis dispensaries in Menominee, Michigan. We estimate the direct and indirect impact of hiring, payroll and operations spending from cannabis retailers, the potential tax revenue generated from these activities and finally, we describe the impact of the marijuana industry on related crimes.

In this report, we do not estimate the number of tourists that may come to Menominee after legal cannabis dispensaries are developed. The findings we describe are limited to those that would be generated by the construction, operations, and tax contributions of the dispensaries, and are not otherwise likely to occur in Menominee without this new economic development.

OVERVIEW OF APPROACH

We undertook the following steps:

1. Estimated the existing demand for legal cannabis in Menominee.
 - To complete this task, we relied on data and analysis going back more than 10 years tracking developments in the cannabis industry. We also relied on a robust analysis of the licit and illicit cannabis markets in the State of Michigan.
2. Estimated the economic impact of specific developments in the legal cannabis industry in Menominee.
 - To complete this task we built a custom input-output economic impact model to analyze the benefits to jobs, output, and earnings in Menominee due to this new economic activity. We consider only net-new economic activity with careful consideration of substitution and avoidance of double counting.
3. Estimated the fiscal impact of the development in Menominee.

- To complete this task we built on our demand and economic impact analyses to assess the additional tax revenue that would be generated by these developments in the legal cannabis industry in Menominee, Michigan.
4. Assessed the effect on crime related to a legal, active marijuana industry.

OVERVIEW OF FINDINGS

Ottawa Innovations has proposed significant investments toward development of retail stores for cannabis in Menominee. These investments include:

- \$575,000 in land acquisition
- \$85,000 in development fees
- \$1.5 million for construction
- \$90,000 in other improvements to the development.

This represents an investment of over \$2.2 million. Of this, a significant portion of the economic activity generated by this investment will stay local to the City of Menominee. The investment will create jobs, economic activity for other businesses, earnings to Menominee households, and tax revenue for the city that would not have existed without the development.

Based on data and information provided to us for the development of one cannabis retail location in the City of Menominee, professional experience analyzing the cannabis industry since 2015, and cannabis industry analysis for the State of Michigan as whole, our findings display the net new economic activity that will occur within the City of Menominee if one, two, or five cannabis retail locations are developed.

Our findings are summarized in Table 1, “Economic and Fiscal Impact of Cannabis Stores in Menominee,” on page 2 and laid out in the following pages:

TABLE 1. Economic and Fiscal Impact of Cannabis Stores in Menominee

Number of Retail Locations	Economic Impact	Additional Jobs	Fiscal Impact
1 Retail Location	\$1,608,533	26	\$237,223
2 Retail Locations	\$2,324,415	45	\$474,446
5 Retail Locations	\$4,383,674	92	\$1,186,116

Source: Anderson Economic Group analysis of base data from Higher Love Corporation, U.S. Bureau of Economic Analysis RIMS II Multipliers

1. The existing market for cannabis inside the City of Menominee is at least \$477,600 annually. With approximately 19.8% of the population over 21 years of age participating.

For 2021, we estimate that the size of the City of Menominee cannabis market was at least \$477,500. In terms of population, the demand is at least 19.8% of the population of Menominee City. This estimate is based in robust analysis of over ten years of data. However, we can assume that participation in the market has been under-reported by consumers.

Currently, this demand exists without safe, legal dispensaries inside the City of Menominee. Additionally, no tax revenue, gainful employment, or safety regulations are borne out of this economic activity.

Any dispensaries developed in Menominee will certainly draw customers from areas outside of Menominee, as well as tourists. For the purpose of this analysis, we provide the likely existing cannabis activity inside the city as a starting point for demand. Additional customers that would be attracted from outside city limits are not included.

2. The net new economic impact of one proposed dispensary in Menominee would be approximately \$1.25 million per year. If five locations were developed, the estimated economic impact is over \$3.1 million annually.

New dispensaries in Menominee would boost output (spending by businesses), and earnings (wages going into households) in the city. We consider the portion of this economic activity that would not occur without the development, the *net new* impact. The economic impact of proposed dispensaries in Menominee would include direct spending on real estate, construction, capital investments, payroll, and operations.

A portion of this spending would take place locally, in the City of Menominee and be net new to the city. These dollars would be re-spent, and continue to circulate in the local market. This would then support additional indirect output by other businesses in the city. This economic activity would also support earnings for others employed in the city. Table 2, “Net New Economic Impact of Spending from Cannabis Retail Stores,” on page 4 provides a breakdown of this.

TABLE 2. Net New Economic Impact of Spending from Cannabis Retail Stores

Number of Retail Locations	Direct Spending Inside Menominee	Additional Indirect Activity	Indirect Earnings Supported	Total
1 Retail Location	\$1,183,700	\$50,900	\$11,700	\$1,246,200
2 Retail Locations	\$1,657,100	\$71,100	\$16,400	\$1,744,700
5 Retail Locations	\$2,959,200	\$127,000	\$29,300	\$3,115,500

Source: Anderson Economic Group analysis of base data from Higher Love Corporation, U.S. Bureau of Economic Analysis RIMS II Multipliers.

Note: Direct and indirect figures may not sum to total figures due to rounding.

For more information on economic impact, please see “Economic Impact of Retail Cannabis Stores in Menominee, Michigan” on page 8

3. A single cannabis retail location in Menominee would likely support 26 new jobs annually. Five locations could create 90 new jobs in Menominee.

New retail cannabis stores in Menominee would each require a significant employee base to operate. A portion of these jobs would likely be filled by those already residing in Menominee. Additionally, spending at retail stores will support direct jobs at retail facilities, as well as indirect jobs at other local businesses. We show the new employment within Menominee that could be supported by increased spending at retail locations in Table 3 below.

TABLE 3. Jobs Supported by Operation Spending at Cannabis Retail Stores

Number of Retail Locations	Direct Net New Employment	Indirect Net New Employment	Net New Jobs Supported Annually
1 Retail Location	24	2	26
2 Retail Locations	41	3	44
5 Retail Locations	84	6	90

Source: Anderson Economic Group analysis of base data from Higher Love Corporation, U.S. Bureau of Economic Analysis RIMS II Multipliers.

Note:

(a) Not all of the jobs shown here should be considered “new” to Menominee. Decreased purchases from illicit providers would have a negative impact on jobs in other sectors of the city’s economy. We do not calculate this impact here.

For more information, please see “Economic Impact of Retail Cannabis Stores in Menominee, Michigan” on page 8

4. The fiscal impact of one proposed dispensary in Menominee is \$237,223 per year. For five locations this would be nearly \$1.19 million.

In addition to economic impact from new development, dispensaries in Menominee would have an impact on tax revenue generated, or fiscal impact. Construction and operations of the proposed retail cannabis store would create new forms of tax revenue for the City, County as well as State. The City will receive new revenue in the form of new taxable property, distributions from the Michigan Department of Treasury, as well as other taxes and fees. We estimate that the fiscal impact from one dispensary would be approximately \$237,200 per year. The fiscal impact for five dispensaries would be nearly \$1.19 million.

For more information on fiscal impact, please see “Fiscal Impact of Retail Cannabis Stores in Menominee” on page 13

5. Legal cannabis can provide a number of socioeconomic benefits, including reduced criminal activity, and improved public health.

Legalizing cannabis provides a number of socioeconomic benefits. These include reducing low-level arrests, improving public health, and transitioning illicit economic activity into the legal market, which generates additional tax revenue for the state.

For more information on the benefits of legal cannabis, see “Social Benefits of Adult-use Cannabis Stores in Menominee” on page 9

ABOUT ANDERSON ECONOMIC GROUP

Founded in 1996, Anderson Economic Group is a boutique research and consulting firm, with offices in East Lansing, Michigan, and Chicago, Illinois. The experts at AEG have unrivaled expertise in market and industry analysis and have produced estimates on the size of cannabis markets in all 50 states since 2015. Anderson Economic Group currently publishes estimates of legal and latent demand for cannabis in all 50 states via the *AndCan Index*.

Work by Anderson Economic Group has been utilized in legislative hearings, legal proceedings, and public debates, as well as major planning exercises and executive strategy discussions. For more information, please see “Appendix B. About Anderson Economic Group” on page 7-1 or visit www.AndersonEconomicGroup.com.

II. Size and Growth of the Cannabis Market in Menominee

Michigan is home to a growing cannabis market. Despite several years of legal medical cannabis, and now legal adult-use cannabis, the state and consequently, cities still face issues with illicit purchases. In this section we describe the components of, and quantify the potential size of, Menominee’s recreational cannabis market.

COMPONENTS OF THE CANNABIS MARKET

Cannabis markets in municipalities and counties across Michigan have a number of characteristics that set them apart from markets for other common goods and services.

Federal Legal Status. The most notable difference between cannabis and other goods and services is that cannabis remains illegal at the federal level, which makes accessing banking services a challenge. In Michigan there are only a handful of smaller financial institutions that serve the cannabis industry, which can prohibit access to financial services provided by larger institutions.¹

Black Market Competition. There has been strong demand for cannabis nationwide as well as in cities across Michigan, even prior to legalization. After cannabis was legalized and adult use stores became established, they found themselves competing with a robust illicit market. Many consumers who used cannabis prior to legalization saw no incentive to switch to purchasing from retail establishments after legalization, since they already had a convenient source for competitively priced cannabis.

Multiple Sales Channels. Unlike the market for most other consumer goods, which are primarily sold through retail establishments, consumers in cities comparable to Menominee, such as Marquette and Ironwood, have a variety of means to procure recreational cannabis. This includes:

- Home cultivation;
- Purchasing from a retail adult-use store;² and
- Purchasing from an illicit seller.

The multitude of options that consumers have means that many of the transactions for cannabis are “unobserved” transactions. That is to say, records of the amount of cannabis procured and the average price paid through many of these channels do not exist. The market value of these transactions must be calculated

1. Mark Sanchez, “Michigan banking groups back federal cannabis bill,” MiBiz, May 9, 2021. <http://www.MiBiz.com/>

2. See MCL 333.27951.

using other methods in order to estimate the total size of the potential cannabis market in Menominee city.

ESTIMATED EXISTING MARKET SIZE

We began by employing a demand-based approach to estimate the total size of the cannabis market in Michigan. Where possible, we isolate the size of each of the cannabis market segments. Our analysis begins with self-reported cannabis consumption data from the National Survey on Drug Use and Health (NSDUH) to determine the total number of cannabis users in Michigan each year over the last ten years. We then use frequency-of-use data from the NSDUH to determine how frequently consumers used cannabis over the last year, and then multiply by an average consumption amount per use, along with an under-reporting adjustment factor. After estimating the total market size, we isolate the various segments of the cannabis market each year using data from MRA, empirical research on cannabis usage, and illicit price market data.

Using the estimated market size for recreational cannabis in the state, we calculate a population-based estimate in Menominee. We then adjust for demographic differences between the city and the state to factor in the proportion of age groups most likely to consume legal cannabis for recreational purposes in the city and the state.

As of 2021, we estimate that the size of the City of Menominee cannabis market was approximately \$477,500. In terms of population, the demand is approximately 1,624 users, or 19.8% of the population of Menominee City. This is the estimated market value of the cannabis that is consumed in the city over one year, even though the city does not yet have an active legal market. While the cannabis market consists of several segments, including medical provisioning center sales, adult-use store sales, medical sales from other sources, such as caregivers, and illicit sales, our analysis shows the cannabis that occurred even without retail stores in Menominee.

We show the composition of the market in the city and county of Menominee in Table 4 below.

TABLE 4. Existing Cannabis Market by Population and Revenue Amount, 2021

Region	Population Likely Participating	Value of Existing Demand
Menominee City	1,624	\$477,500
Menominee County	4,603	\$1,327,100

Source: Anderson Economic Group cannabis demand model utilizing base data from multiple sources.

Notes:

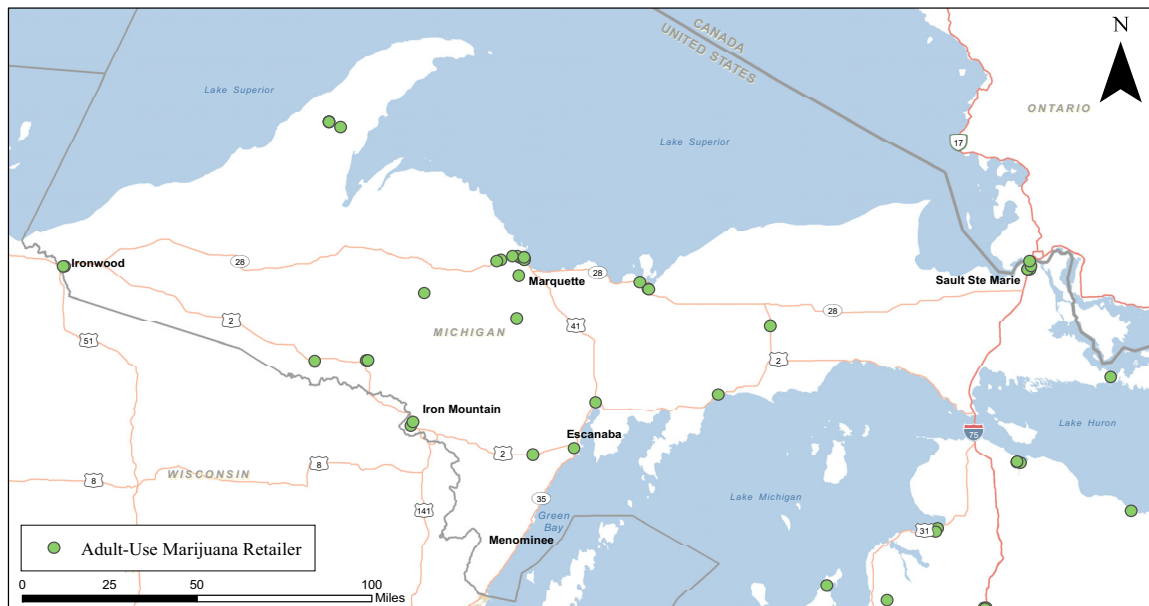
(a) Includes cannabis procured from recreational and medical adult-use locations.

Currently, this demand exists without safe, legal dispensaries inside the City of Menominee. Additionally, no tax revenue, gainful employment, or safety regulations are borne out of this economic activity.

Any dispensaries developed in Menominee will certainly draw customers from areas outside of Menominee, as well as tourists. For the purpose of this analysis, we provide the likely existing cannabis activity inside the city as a starting point for demand. Additional customers that would be attracted from outside city limits are not included

The map below shows the retail store locations currently existing in the Upper Peninsula, Michigan.

MAP 1. Locations of Retail Cannabis Stores in Upper Peninsula, Michigan



*Note: Only adult-use retailers are included here. As of January 10, 2023, there were 581 adult-use marijuana retailers in Michigan.
Source: Michigan Marijuana Regulatory Agency
Analysis: Anderson Economic Group*

For a full description of our market size analysis methodology, see “Appendix A. Methodology” on page 6-1.

V. Social Benefits of Adult-use Cannabis Stores in Menominee

Public opinion toward cannabis has shifted dramatically in recent years, with an increasing number of Americans in favor of legal cannabis. The trend of increased public acceptance is playing out in Michigan, where a growing number of consumers are using cannabis. In addition to the economic and fiscal benefits discussed in the previous chapters of this report, legalized cannabis also provides several social benefits, including reduced crime rates and improved public health. We discuss these social impacts below.

BENEFITS OF LEGALIZING ADULT- USE CANNABIS RETAIL STORES

Legalizing cannabis provides a number of social benefits such as reducing low-level arrests, improving public health, and transitioning illicit economic activity into the legal market. The citizens of Michigan and the Michigan legislature acknowledge many of these benefits in the legislation that legalizes and regulates medical and adult-use cannabis. The Michigan Medical Marijuana Act, Medical Marijuana Facilities Licensing Act, and the Michigan Regulation and Taxation of Marijuana act mention the following benefits:

- Protecting Michiganders age 21+ who use adult-use cannabis from arrest;³
- Ensuring Michiganders have access to cannabis for recreational use;⁴
- Ensuring cannabis users have access to safe products;⁵ and
- Removing the commercial production and distribution from the illicit market;⁶

Decreased Criminal Activity

Decriminalizing cannabis can be linked to measurable decreases in low-level arrests, allowing law enforcement to refocus their resources on more serious offenses. To get a sense for the benefits to be realized in Menominee, we compare an other city in Michigan with an active legal marijuana market—Marquette, Michigan,

In 2017, there were nearly 16,500 people were arrested for marijuana possession in Michigan, and 58 in Marquette County.⁷ In the three years after legalization—arrests for possession as well as sales fell considerably; between 2017 and 2021, arrests for possession reduced by 97% in Michigan and by 70% in Mar-

3. Michigan Regulation and Taxation of Marijuana Act, Initiated Law 1 of 2018. See MCL 333.27952.

4. Michigan Medical Marijuana, Initiated Law 1 of 2008. See MCL 333.26241.

5. Michigan Medical Marijuana Facilities Licensing Act, Act 208 of 2016. See MCL 333.27101.

6. *Ibid.*

7. Crime Data Explorer, Federal Bureau of Investigation, 2010 - 2019.

quette County.⁸ For a yearly breakdown of the arrests, please see Table 11 below.

TABLE 4. Arrests for the Possession and Sale of Marijuana in Michigan and Marquette County, 2017-2021

Year	Arrests for Possession in Michigan	Arrests for Possession in Marquette, MI
2017	16,490	58
2018	14,031	36
2019	776	36
2020	422	31
2021	365	17

Source: Crime Data Explorer, Federal Bureau of Investigation, 2017 - 2021; Arrest totals by the Marquette Police Department voluntarily submitted to the FBI using National Incident-Based Reporting System (NIBRS), 2017- 2021

The drastic reduction in the number of arrests is a reflection of the impact of legalization of marijuana on violations relating to drugs and narcotics. In the last five years, incidents relating to drug violations have also reported a steep decline; with a remarkable reduction to 50% in Michigan and 39% in Marquette after legalization of Marijuana in 2019.

Table 12 below shows the trajectory of drug violation between 2017 and 2021 in Michigan and Marquette County.

8. Id.

TABLE 5. Drug and Narcotic Violations in Michigan and Marquette County, 2017-2021

Year	Drug/ Narcotic Violations in Michigan	Drug/Narcotic Violations in Marquette, MI
2017	49,599	156
2018	47,005	109
2019	23,331	66
2020	20,594	91
2021	22,644	134

Source: Crime Data Explorer, Federal Bureau of Investigation, 2017 - 2021; National Incident-Based Reporting System (NIBRS) details reported by the Marquette Police Department, 2017- 2021

Similar trends have also been observed in Washington and Colorado.⁹ Additionally violent crime clearance rates improved after the legalization of marijuana in Colorado and Washington.¹⁰

While the share of violations caused by recreational Marijuana cannot be separated from the aggregated numbers provided above, we note that the drastic reduction in drug and narcotic violations in 2019 can be reasonably attributed to legalization of recreational marijuana by the State of Michigan.

Improved Public Health

Legal cannabis can also create benefits for public health. By shifting cannabis to a legal market, policymakers can ensure cannabis is subject to stringent testing standards that improve the safety and quality of the product. In Michigan the MRA tests product grown in licensed facilities for a number of potentially hazardous substances, including:¹¹

- Potency analysis for THC, THC-A, CBD, and CBD-A;
- Vitamin E acetate;
- Foreign matter inspection;

9. ACLU Washington, “Court Filings for Adult Marijuana Possession Plummet,” March 19, 2014; Jack Reed, “Marijuana Legalization in Colorado: Early Findings,” Colorado Department of Public Safety, March, 2016.

10. Washington State University. “Positive policing changes after cannabis legalization: Clearance rates improve for burglaries, vehicle thefts.” ScienceDaily. ScienceDaily, 24 July 2018.

11. Michigan Marijuana Regulatory Agency, “Marijuana Sampling and Testing,” 22 June 2020.

- Microbial screening;
- Chemical residue testing for pesticides, fungicides, and insecticides;
- Heavy metals testing;
- Residual solvents;
- Water activity;
- Mycotoxin screening (if requested by the agency); and
- Target analyses (if requested by the agency).

The benefits of rigorous cannabis testing were made evident in late 2019 and early 2020 when, over a one-month period, the MRA recalled over 74,000 vape cartridges containing unsafe levels of vitamin E acetate.¹² The substance was used as a cutting agent in the vape cartridges, which were sold through provisioning centers and sourced from caregivers.¹³ The outbreak was not limited to just Michigan. The U.S. Centers for Disease Control estimated that over 2,800 individuals had been hospitalized for e-cigarette and vaping associated lung injuries (EVALI) in early 2020.¹⁴

Microbial screening guards users from contracting dangerous forms of *Salmonella* and *Aspergillus*, both of which have been linked to marijuana in past outbreaks.¹⁵ Ingestion of heavy metals can cause chronic health problems such as high blood pressure, heart disease, and increased risk of kidney or neurological impairments.¹⁶

Opioid Alternative

In addition to protecting consumers, legal cannabis provides medical patients suffering from chronic pain with an alternative to opioids. Empirical research shows that opioid dependence rates are lower in states with legal medical marijuana.¹⁷ Researchers in Michigan have shown that patients with chronic pain reduced their opioid consumption by up to 64% when they substituted marijuana for opioids.¹⁸

12. Gus Burns, "Michigan recalls 9,380 marijuana vaping products over vitamin E acetate concerns," Mlive.com, January 22, 2020.

13. Gus Burns, "Michigan recalls vitamin E-contaminated vaping products, says system is working," Mlive.com, December 18, 2019.

14. U.S. Centers for Disease Control, "Outbreak of Lung Injury Associated with the Use of E-Cigarette, or Vaping, Products," February, 2020. <http://www.cdc.gov/>.

15. Beadle, Alexander, "Sources and Risks of Common Cannabis Contaminants," *Analytical Cannabis*, 18 Jul 2018.

16. Id.

17. Jamie L. Flexone, Stolzenberg, Lisa, D'Alessio, Stewart J., "The effect of cannabis laws on opioid use," December 2019.

18. Laurel Thomas, "Medical marijuana reduces use of opioid pain meds, decreases risk for some with chronic pain," *University of Michigan News*, March 22, 2016.

VI. Economic Impact of Retail Cannabis Stores in Menominee, Michigan

In this section, we introduce the economic impact resulting from the construction and operations of the proposed retail cannabis store in Menominee, Michigan. After we define how we measure economic impact, we discuss the impact of capital and operations spending on output, earnings and employment. We also provide hypothetical scenarios of economic impact; the scenarios are based on the establishment of one, two, and five retail cannabis stores in the city.

NET ECONOMIC IMPACT DEFINED

We define the net economic impact of this potential development as the new economic activity in Menominee caused by cannabis retail operations and capital expenditures at the facility that would not have otherwise occurred. We refer to this activity as “net new” economic activity. We quantify economic impact in terms of increased output (sales by businesses), employment, and household earnings caused by the existence of this economic activity.

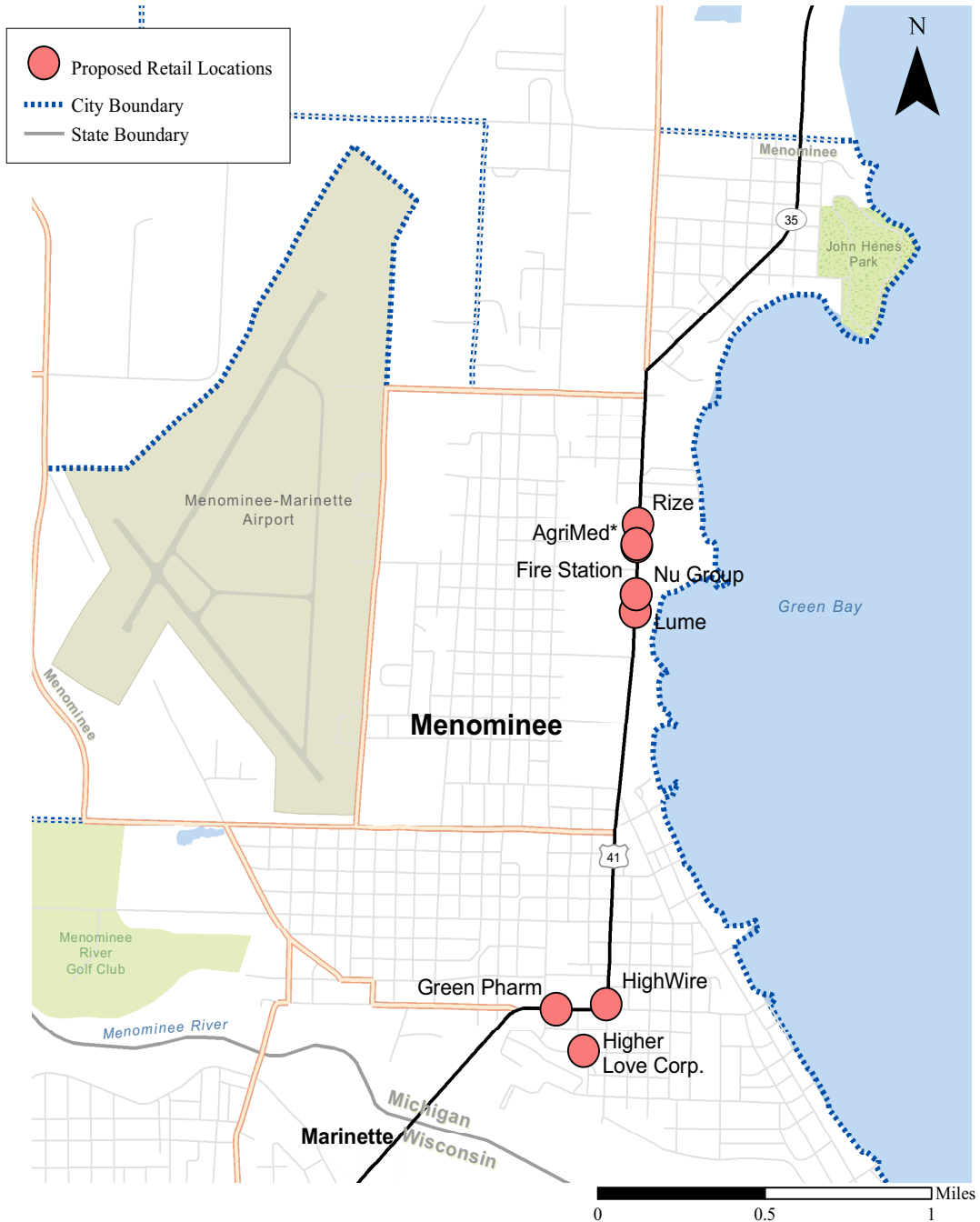
Direct and Indirect Impacts

A cannabis retail store would make a *direct* impact on the economy in the City of Menominee when it purchases goods and services from local vendors and employ workers. Those vendors and employees, in turn, increase their own expenditures, recirculating funds through the economy and generating *indirect* economic impacts. We account for both direct and indirect impacts in our analysis.

To accurately estimate the economic impact of construction, we must consider only the good and services that are sourced in the area. We must also weigh the construction’s contributions against the possibility that some portion of this activity substitutes for, or crowds out, economic activity that would still take place if the project did not move forward. Our examination of economic data and industry information shows that local workers and firms are not “at 100% capacity;” a state that would prevent them from meeting the new demand. As a result, we conclude that construction of the retail facility would generate a temporary boost in employment for Menominee City. Since the construction of a facility is not expected to last indefinitely, we assume that the expenditures have an impact on the economic in the first year after spending, following which the economic impact is caused by operations and payroll pending at the retail facility.

“Location of Proposed Retail Cannabis Stores in Menominee, MI” on page 14 shows the proposed locations of all adult-use cannabis stores in Menominee city.

Map 2. Location of Proposed Retail Cannabis Stores in Menominee, MI



*AgriMed is not a party to the litigation, but currently have their proposed site under contract

Note: There are total eight proposed locations.

Source: Ottawa Innovations

Analysis: Anderson Economic Group

**CAPITAL SPENDING
IMPACT**

For one retail location, it is estimated that \$1.6 million will be spent in the form of capital expenditures toward the construction of a new retail facility in Menominee, Michigan.

We identify several categories of economic activity that would be affected by construction of the retail facility:

Direct hiring. During the construction period, construction workers would be employed directly, with some coming from Menominee and others coming from outside the city.

Direct spending on goods and services. The \$1.6 million in construction expenditures would support new economic activity, to the extent that it sources goods and services from local firms. The more these goods and services are sourced locally, the greater the net new economic benefit.

Indirect impact as workers and firms re-spend wages and payments. Local workers and firms who benefit from the project’s direct spending would spend some of those earnings on goods and services in the city. This spending indirectly increases household earnings and sales by local businesses. For example, the construction and support workers who spend time in the city would engage in some new local spending during the construction period, potentially in the food, retail, fuel, and lodging sectors.

A summary of the economic impact of capital spending on proposed cannabis retail stores is given below in Table 13 below.

TABLE 13. Economic Impact Capital Spending on Cannabis Retail Stores

Number of Retail Locations	Direct Impact	Indirect Output	Indirect Earnings	Total
1 Retail	\$345,000	\$14,200	\$3,200	\$362,400
2 Retail Locations	\$552,000	\$22,700	\$5,100	\$579,700
5 Retail Locations	\$1,207,000	\$49,600	\$11,100	\$1,268,200

Source: Anderson Economic Group analysis of base data from Higher Love, U.S. Bureau of Economic Analysis RIMS II Multipliers.

Note: Direct and indirect figures may not sum to total figures due to rounding.

OPERATIONS IMPACT

Operating each cannabis retail location would include expenditures such as:

- Salaries, wages, and benefits for employees;
- Facility repair and maintenance;
- Office supplies;
- Utility costs;
- Marketing and advertising; and
- Other expenses

Between Fiscal Year 2023-2025, one retail location operator expects to purchase \$434,700 per year in goods and services from Menominee-based businesses to support their operations. They also expect to spend \$1.4 million on salaries, wages, and health benefits for approximately 48 employees per year.

In our analysis, we count a portion of this spending and employment as “net new” to Menominee. It is unlikely that the money would be spent in Menominee if not for this new development; therefore it is “new” in terms of economic impact. However, not all operations spending is considered “net new” to the city. Hence, we apply substitution rates to correctly estimate for that portion of spending for operations and employment that is net new to the city.

In the following section, we discuss the economic impacts stemming from the net new spending incurred by potential retail cannabis store operations.

Impact on Output and Earnings

After accounting for net new spending, we estimate that spending for each retail store operations will increase sales at Menominee businesses by \$50,900 yearly. Operations spending will also increase earnings for Menominee residents by nearly \$11,700 per year and will sustain an average of 2 jobs per year that would not exist if this new retail store was not located in Menominee. We show this impact categorized by the total number of proposed retail stores in Table 14 below.

TABLE 14. Net New Economic Impact of Operations Spending on Cannabis Retail Stores

Number of Retail Locations	Direct Output	Indirect Output	Indirect Earnings	Total
1 Retail Location	\$1,183,700	\$50,900	\$11,700	\$1,246,200
2 Retail Locations	\$1,657,100	\$71,100	\$16,400	\$1,744,700
5 Retail Locations	\$2,959,200	\$127,000	\$29,300	\$3,115,500

Source: Anderson Economic Group analysis of base data from Higher Love Corporation, U.S. Bureau of Economic Analysis RIMS II Multipliers.

Note: Direct and indirect figures may not sum to total figures due to rounding.

**IMPACT ON
EMPLOYMENT**

If recreational users begin to purchase adult-use cannabis from new retail stores, and less cannabis from illicit providers, then increased spending at retail stores will support jobs in the commercial cannabis industry. Increased spending at retail stores will support “direct” jobs at retail facilities, as well as “indirect” jobs at processors, cultivators and other businesses that serve the cannabis industry, such as administrative services, maintenance and repair, and legal and financial services. We show the total employment that could be supported by increased spending at retail locations in Table 15 below.

TABLE 15. Jobs Supported by Operation Spending at Cannabis Retail Stores

Number of Retail Locations	Direct Net New Employment	Indirect Net New Employment	Net Jobs Supported Annually
1 Retail Location	24	2	26
2 Retail Locations	41	3	44
5 Retail Locations	84	6	90

Source: Anderson Economic Group analysis of base data provided by Higher Love; U.S. Bureau of Economic Analysis RIMS II Multipliers.

Note:

(a) Not all of the jobs shown here should be considered “new” to Menominee. Decreased purchases from illicit providers would have a negative impact on jobs in other sectors of the city’s economy. We do not calculate this impact here.

For more information on the methodology used to produce the economic impact of retail cannabis stores in Menominee City, please refer to “Economic Impact” on page 6-4.

VII. Fiscal Impact of Retail Cannabis Stores in Menominee

Construction and operation of the proposed retail cannabis store would create new forms of tax revenue for the City, County as well as State. The city will receive new revenue in the form of new taxable property, distributions from the Michigan Department of Treasury,¹⁹ as well as other taxes and fees. Similar to the section on economic impact, we provide hypothetical scenarios of fiscal impact based on the procurement of one, two, and five retail cannabis stores.

Property Tax Revenue

As noted above, the proposed cannabis retail store represents a \$575,000 in direct real estate investment and \$1.5 million in construction costs in Menominee.

When we apply the appropriate millages, we find that property tax revenues would increase by at least \$192,100 in the City of Menominee funds that include debt, garbage tax, and the library over a 10-year period. The State will also receive \$116,900 from property tax payments toward the State Education Trust and Senior Citizens. There would also be an additional \$101,400 in tax revenues for Menominee County for payments toward the county library, public safety programs, roads as well as expenditures specifically on the county.

Finally, we estimate that the purchase of real estate for the retail store would increase local property tax revenues for K-12 school district operations. This includes at least \$23,000 toward ISD, \$16,200 toward school debt, \$188,100 over operating fee and \$20,100 for the site sinking fund over a 10-year period.

We summarize the expected yearly tax revenue for each local taxing authority in Table 6 on page 11.

19. Michigan Regulation and Taxation of Marijuana Act, Initiated Law 1 of 2018. See MCL 333.27952.

TABLE 16. Annual Fiscal Impact Proposed Cannabis Dispensaries

Jurisdiction	Number of Retail Locations		
	1	2	5
City	\$19,213	\$38,427	\$96,067
County	\$10,140	\$20,279	\$50,698
State	\$11,694	\$23,388	\$58,471
Schools			
Building and Site Sinking Fund	\$2,008	\$4,016	\$10,041
Schools Debt	\$1,620	\$3,240	\$8,099
Menominee Intermediate School District: Operating	\$2,304	\$4,608	\$11,520
School Operating Taxes	18,810	\$37,620	\$94,050
Total Impact on Property Tax Revenues	\$65,789	\$131,578	\$328,946

Source: AEG analysis using base data from Higher Love Corp

Note: Property Tax impact for 2 and 5 retail locations assumes a standard cost of purchase of all real property.

For a breakdown of the fiscal impact produced by property taxes, broken down by year and jurisdiction, please see Figure 3 on page 22.

Licensing Revenue from State Distributions

Increased demand for cannabis will increase tax revenues for the state, and create revenue in the form of distributions the city of Menominee. Recreational cannabis is subject to state sales taxes of 6%, and an additional 10% excise tax in the State of Michigan. With every license, every municipality and county receives approximately \$56,434 each in distributions from the Marijuana Regu-

lation Fund.²⁰ We show the total fiscal impact of active licenses relating to the sale of legal cannabis in Table 17 below.

TABLE 17. Tax Revenue Generated from Licenses for Adult-Use Retail Cannabis Stores

No. of Licenses	Menominee City
1 license	\$56,434
2 licenses	\$112,868
5 licenses	\$282,170

Source: Anderson Economic Group estimates based on data provided by Higher Love Corp, and distributions made by the Michigan Department of Treasury in FY 2021.

Note: In the state of Michigan's 2021 fiscal year, each eligible municipality and county received around 15% or \$56,434, for every licensed retail store and microbusiness located within its jurisdiction.

In addition to generating revenue from licenses on retail stores and property tax, the retail store’s construction and operations will create additional revenue from “other” taxes and fee. These include a one time development fee as well as state and local license fee, paid on a recurring basis. Table 18 below shows the payments made in the first year toward other taxes and fee.

TABLE 18. Tax Revenue Generate from Other Taxes and Fees

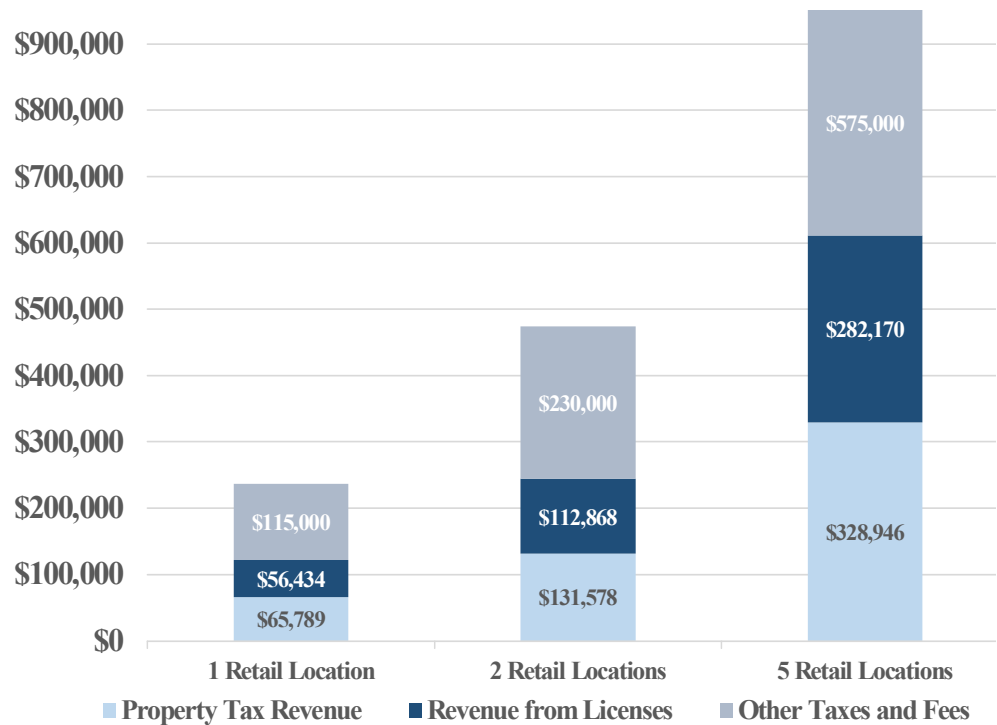
No. of Retail Stores	Development Fee	State and Local Taxes ad Fees
1	\$85,000	\$30,000
2	\$170,000	\$60,000
5	\$425,000	\$150,000

Source: Estimates and projections are supplied by Higher Love Corporation

Figure 2 below shows the total tax revenue collected specifically by the City and County of Menominee for a single retail adult-use cannabis store in Menominee, MI.

20. According to Michigan Regulation Taxation of Marijuana Act, 15% of the Marijuana Regulation Fund is distributed to each municipality and county in which a Marijuana retail store or a Marijuana microbusiness is located. The allocation is in proportion to the number of Marijuana retail stores and Marijuana microbusinesses within the municipality.

FIGURE 2. Tax Revenue Received by the city and county of Menominee in 1



Year

Source: Anderson Economic Group analysis from base data provided by Higher Love Corporation.

Note: The figure above specifies revenue received by municipal and county governments on the purchase of real property, licensing of legal sales of recreational marijuana within the said jurisdiction, as well as other locals licenses; Other taxes and fees include development fee and license fees, some of which may be paid to the State.

See “Fiscal Impact” on page 6-6 for a discussion of our methodology on the fiscal impact analysis of the proposed cannabis retail stores.

FIGURE 3. Property Tax Revenue from 1 Adult-use Retail Location, Broken Down by Year and Jurisdiction

Year	Menominee County				State		Menominee City			School District				Property Tax Impact
	Menominee County	Library	911	Roads	State Education Trust	Seniors	City	Debt	Library	Debt	Operating	Sinking	ISD	
2023	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2024	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2025	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2026	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2027	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2028	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2029	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2030	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2031	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
2032	\$7,264	\$386	\$643	\$1,847	\$6,270	\$5,424	\$17,175	\$1,066	\$973	\$1,620	\$18,810	\$2,008	\$2,304	\$65,789
Total	\$72,643	\$3,858	\$6,429	\$18,466	\$62,700	\$54,242	\$171,748	\$10,659	\$9,728	\$16,198	\$188,100	\$20,082	\$23,040	\$657,892
	\$101,396				\$116,942		\$192,135			\$247,419				

Appendix A. Methodology

In this section we discuss our analytical process and key considerations for our market size and fiscal impact estimates.

MARKET SIZE ANALYSIS

We describe the steps we took to estimate the size of the cannabis markets in Menominee below.

Our market size estimates in this report are based on several years of observation and research on the cannabis industry in each state. Our firm has estimated the size of cannabis markets in each state since 2015. Relevant publications describing past market size estimates can be found in the following sources:

- “The Market for Legal Cannabis Products in the 50 United States,” published in 2015.
- The Market for Legal Cannabis Products in the 50 United States, 2nd Edition,” published in 2016.
- The AndCan® index, first published in 2017
- The AndCan® Index 2019 revision, launched in 2019.
- “Blue Smoke and Seers: Measuring Latent Demand for Cannabis Products in a Partially Criminalized Market,” published in 2020 by Patrick L. Anderson. Awarded the National Association for Business Economics Contributed Paper award in 2019.

We define the total size of the Menominee cannabis market as the cash value of all cannabis consumed in the state. For most goods and services, estimating a market size is a simple process of summing the total sales of the good or service in question. This is not the case for cannabis, however, since many cannabis transactions are “unobserved” transactions. That is to say, the transaction does not occur in a way that is easily known or recorded.

Cannabis consumers in Michigan can procure cannabis through several channels. These include:

- Home cultivation;
- Purchasing from a designated medical caregiver;²¹
- Purchasing from a retail medical provisioning center;²²
- Purchasing from a retail adult-use store;²³ and
- Purchasing from an illicit seller.

21. See MCL 333.26424 (b).

22. See MCL 333.27504(504).

23. See MCL 333.27951.

Records of the amount of cannabis procured and the average price paid through many of these channels does not exist and must be calculated using other methods. In our analysis, we first employ a demand-based approach to estimate the total size of the cannabis market in Menominee City. After determining the total size of the cannabis market in Michigan, we estimate the economic impact in the form of sales to businesses, employment and earnings. We then estimate the fiscal impact of the businesses on local jurisdictions like the school fund and public safety.

Determining Total Market Size

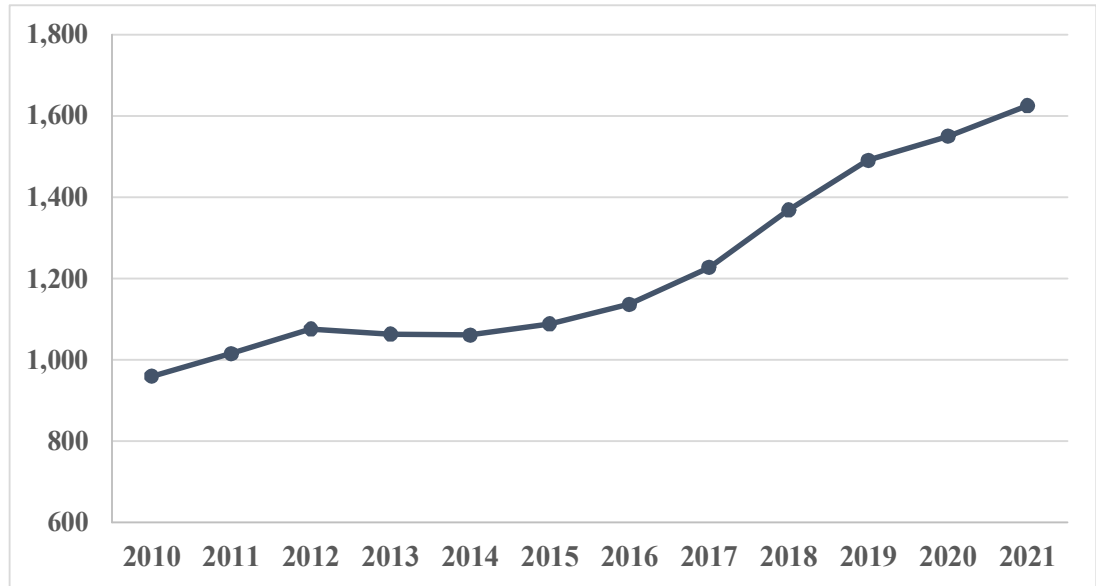
The first step in our analysis was to build a cannabis demand model to estimate the total size of the cannabis market in Michigan. We took the following steps to build our model.

1. Determined total number of cannabis consumers in Michigan between 2010 and 2020, as well as the frequency at which users consumed cannabis. We consulted data from the National Survey on Drug Use and Health (NSDUH) as a baseline for determining the total number of consumers in Michigan who used cannabis in the last year, for each year between 2010 and 2020. The NSDUH estimates total consumers in Michigan, and then further categorizes users by their frequency of use.

We compared population trends in Michigan and Menominee between 2010 and 2020 to produce a proportion of the demand in the state that may be expected in Menominee. The demand estimation included comparison by demographic between the State and the city. This adjusted the demand based on the share of the population between 21 to 65 years, the age group that is most likely to consume legal cannabis.

We show total reported users for Menominee City in Figure 6-1 on page 6-3.

FIGURE 6-1. Estimated Count of Recreational Cannabis Users in Menominee City by Year, 2010-2021



Source: Anderson Economic Group analysis of base data from the National Survey on Drug Use and Health.

We estimate that there were approximately 1,656 cannabis users in the city of Menominee in 2020, up from 986 in 2010. Menominee’s total population in 2020 was 8,455 suggesting that nearly one in five consumers reported using cannabis at least once in the past year.

2. Multiplied adjusted use estimates by quantity and price to determine total market size. We multiplied our adjusted use estimates by our per-use quantities and average price each year to determine the total size of the cannabis market in each year; and then estimate the share of the recreational cannabis market. We show an example calculation for 2019-2021 in Table 6-1 on page 6-4.

The total size of the cannabis market in Michigan in 2020 was \$3.1 billion. This includes home cultivation, caregiver cultivation, illicit purchases, and retail establishment purchases. We show our market size estimates for 2010 through 2020 in Table 6-1 below.

TABLE 6-1. Menominee City Recreational Cannabis Market Size by Year

Year	Total Market Size
2019	\$5,600
2020	\$398,400
2021	\$477,600

Source: Anderson Economic Group cannabis demand model utilizing base data from the National Survey on Drug Use and Health, Caulkins, Pardo, and Kilmer, 2021, Priceofweed.com.

ECONOMIC IMPACT

In our analysis, we identify two distinct impacts of proposed cannabis retail stores in Menominee—direct and indirect. Direct impacts are those economic impacts caused directly by the retail stores. This includes payments made by SDSTA to suppliers and employees directly hired and paid by SDSTA. Indirect impacts occur as money spent by SDSTA recirculates throughout the region and state economies.

Direct Impact of Operations and Capital Expenditures. We took the following steps to assess the direct economic impact of operations and capital expenditures for retail stores:

3. Identified expenditures that occurred in Menominee. We estimated location information based on expenditure data provided by Higher Love Corp. to quantify operations and capital expenditures that took place in Menominee City. We excluded spending that occurs outside of the city and County. We also reduced some categories of expenditures, such as insurance and construction, for which the actual spending was unlikely to have taken place in the study areas.
4. Estimated substitution rates to determine net new spending. Higher Love is expected to spend on various categories of operation and capital. We estimated a higher substitution rate for expenditure which is likely to be locally sourced; these include utilities, administrative services, banking services, maintenance and repair services as well as some professional services. Other substitution for expenditures such as that on construction costs and household expenditures are less likely to be spent in the city. As a result, spending for these categories is lower in the city.
5. Summed employment and expenditure numbers to determine direct economic impact. After calculating substitution rates, we multiplied Ottawa Innovations spending in Menominee City by our substitution rate estimates

to determine the total direct economic impact of cannabis retail stores in each year.

Indirect Impact of Operations and Capital Expenditures. We took the following steps to estimate the indirect economic impact of potential cannabis retail store operations and capital expenditures:

1. Assigned net new expenditures to economic impact multipliers. We used expense categories provided by Higher Love Corporation to assign expenditures in each study area to an appropriate economic impact multiplier.
2. Applied multipliers to determine indirect impact. After assigning multipliers to each type of expenditure, we multiplied the total direct impacts by each multiplier, and then subtracted out the direct impact to determine the retail store's total indirect economic impact.

Impact on Employment. In order to estimate the impact of adult-use retail stores on employment, we first calculated the total amount of incremental spending that would occur at retail stores based on the projections provided by High Love Corporation. We then multiplied the total increase in spending by a final demand economic impact multiplier for the cannabis retail industry.

Note on RIMS II Multipliers for Cannabis Industry

Multiplying a change in total spending to determine employment impacts in a particular industry is a standard practice in economic impact modeling. Special care must be taken, however, with industry multipliers since marijuana remains illegal under federal law, and the U.S. Bureau of Economic Analysis does not provide multipliers for the industry.

In order to estimate an employment multiplier for the cannabis industry in Michigan we reviewed multiplier estimates derived for other states and relied on our own understanding of how the cannabis supply chain works in Michigan. The cannabis industry is unique in that retailers must purchase 100 percent of their cannabis from cultivators within the state. While substitution is possible from other counties and cities, the cannabis industry is more likely to create more output and earnings per dollar than other sectors.

After reviewing other cannabis industry economic impact studies, we determined that the most accurate way to estimate the employment multiplier for the cannabis industry would be to adjust Menominee's retail industry multiplier upward to account for the interconnectedness of the cannabis industry. After careful review, we concluded that adjusting the region's retail employment multiplier up by 40% percent—from 1.1 jobs supported per \$1 million in purchases to 1.54 jobs supported per \$1 million in purchases—reflected the composition of the city's cannabis industry.

COVID-19. Our economic impact analysis relies on RIMS II economic impact multipliers from the U.S. Bureau of Economic Analysis. The COVID-19 pandemic and related state-imposed restrictions on business activity, such as stay-at-home orders, have resulted in supply shortages and changes in consumer spending that do not align with several of the key assumptions underlying the RIMS II model. As a result, our economic impact estimates may differ from observed impacts.²⁴

FISCAL IMPACT

Real Property Tax. We assumed a 10-year project life to estimate the impact of the proposed retail store on property tax revenues for local and state governments as well as school districts. We constructed a custom property tax impact model to determine the proposed retail stores impact on relevant local entities. The model is based on our review of Michigan property assessment guidelines and the parcel information and millage rate provided by Higher Love Corporation for the one retail facility in Menominee. To determine the initial taxable value of the personal property associated with the project, we separate the construction costs and fee from the real property expenditure data from Higher Love to determine the property's initial taxable value. We then projected the future taxable value of the project's real property.

Sales and Excise Tax. If users choose to switch their consumption by buying cannabis through dispensaries, their spending would generate new tax revenues that would otherwise not be generated had they procured cannabis from a caregiver. Recreational cannabis in Michigan is subject to the state's 10% excise tax and the state's 6% sales tax. A portion of the sales and excise tax is accrued back to the city and county. The portion is based on the number of licenses approved for sales within the given jurisdiction. In the case of Menominee, we assume the sales and excise tax revenue for 1, 2 and 5 licenses within the city.

Other Taxes and Fees. Additional to the property, sales and excise tax, the Higher Love will create additional revenue for the local governments in the form of the development fee and other state and local silence fee. These fees were provided by the Higher Love Corporation.

Table 6-2 below presents the detailed economic and fiscal impacts by spending category.

24. For more information, see U.S. Bureau of Economic Analysis, "Use of RIMS II Multipliers—COVID-19," <https://www.bea.gov/>.

TABLE 6-2. Detailed Economic and Fiscal Impact of Cannabis Stores in Menominee

	Economic Impact				Fiscal Impact		
	Capital and Operations Spending				Property Taxes	Revenue from Licenses	Other
	Portion of Spending to Remain Local	Sales to Local Businesses	Household Earnings	Additional Employment			
1 Retail Location	\$ 1,528,673.22	\$64,975	\$14,886	26	\$65,789	\$56,434	\$115,000
2 Retail Locations	\$ 2,209,142.51	\$93,797	\$21,476	45	\$131,578	\$112,868	\$230,000
5 Retail Locations	\$ 4,166,683.06	\$176,597	\$40,395	92	\$328,946	\$282,170	\$575,000

Source: Anderson Economic Group analysis of base data from Higher Love Corporation, U.S. Bureau of Economic Analysis RIMS II Multipliers

Appendix B. About Anderson Economic Group

Anderson Economic Group is a boutique consulting firm founded in 1996, with offices in East Lansing and Chicago. We specialize in strategy, valuation, public policy, and market analysis. Our team has a deep understanding of advanced economic modeling techniques and extensive experience in multiple industries, as well as in multiple U.S. states and other countries.

The consultants at Anderson Economic Group have studied the growth of the cannabis market since 2015, having estimated demand for cannabis in all 50 states. Publications from our team include:

- *The Market for Legal Cannabis Products in the 50 United States*, published in 2015 and 2016.
- Monthly estimates of consumer demand for cannabis products in the U.S. published via the AndCan® Index, which estimates for medical and recreational cannabis in states where cannabis is legal, as well as latent demand estimates for cannabis in states where medical and recreational cannabis are not legal. Anderson Economic Group first published the AndCan® Index in 2017 and published a benchmark revision in 2019.
- Patrick L. Anderson, *Blue Smoke and Seers: Measuring Latent Demand for Cannabis Products in a Partially Criminalized Market*, published in 2020. Awarded the National Association for Business Economics Contributed Paper award in 2019.
- *Tax Revenues from Legalizing Recreational Marijuana Under Michigan's Proposal 18-1*, published in 2018.

Past clients of Anderson Economic Group include:

- *Governments*: The government of Canada; the states of Michigan, North Carolina, and Wisconsin; the cities of Detroit, Cincinnati, and Sandusky; counties such as Oakland County, and Collier County; and authorities such as the Detroit-Wayne County Port Authority.
- *Corporations*: Bank of America Merrill Lynch, InBev USA, ITC Holdings Corp., Ford Motor Company, First Merit Bank, Labatt USA, Lithia Motors, Meijer, Inc., National Wine & Spirits, Nestle, and Relevant Sports; automobile dealers and dealership groups representing Toyota, American Honda Motor Company, Chrysler, Mercedes-Benz, General Motors, Kia, and other brands.
- *Nonprofit organizations*: Convention and visitor bureaus of several major cities; higher education institutions including Michigan State University, Wayne State University, and University of Michigan; trade associations such as the Michigan Manufacturers Association, Service Employees International Union, Automation Alley, and Business Leaders for Michigan.

Please visit www.AndersonEconomicGroup.com for more information.

AUTHORS

Tyler Marie Theile

Tyler Theile is the vice president and COO at Anderson Economic Group. She serves as director of AEG's public policy and economic analysis project area, but her work extends to projects in all three practice areas. She is also responsible for business management, operations, and administration of Anderson Economic Group's quality standards.

Ms. Theile's recent projects include an economic impact analysis for a mixed-use real estate development, a minority valuation for a beer distributor, an analysis of power transmission infrastructure projects, and an economic impact survey related to auto insurance legislation in Michigan. Other projects include salary surveys and competitiveness analysis, a global survey of water intensive companies in order to gauge the value of water management innovation, and *The State Economic Handbook*, 2008, 2009, and 2010 published by Palgrave Macmillan. She has also contributed to previous reports including Automation Alley's Annual Technology Industry Report and Michigan's University Research Corridor: Annual Economic Impact Report.

Prior to joining AEG, Ms. Theile worked in the executive office of Michigan's attorney general, where she assisted with research, consumer protection, and external affairs. She has also worked in political fundraising and for the Michigan Senate.

Ms. Theile is a graduate of Michigan State University's James Madison College, where she received a BA in international relations with a specialization in political economy.

Tina Dhariwal

Ms. Tina Dhariwal is a senior analyst in the public policy and economic analysis practice area at Anderson Economic Group. She has a background in economic and fiscal impact studies, public policy analysis, and data analytics.

At AEG, Ms. Dhariwal has applied her expertise across numerous industries. Her recent work includes economic and fiscal impact analyses in the higher education and renewable energy sectors, in addition to analyzing the economic scope of a prominent Michigan association. She has also worked on several projects requiring the evaluation of various national and state economic indicators.

Ms. Dhariwal holds a master's degree in econometrics and quantitative economics from the University of Wisconsin-Madison. She earned her Bachelor of Arts degree in economics, graduating with honors from the University of Delhi.