North Carolina Advisory Council on Cannabis
Public Safety Subcommittee
Co-Chairs:
Anca Grozav, Chief Deputy Budget Director, NC Office of State Budget and Management
Joy Strickland, Senior Deputy Attorney General, Criminal Bureau of the North Carolina Department of Justice

Meeting Minutes
July 31, 2026, 1:00-3:00pm
Virtual via Teams

Attendees
Council Members Present – Anca Grozav; Joy Strickland; Patrick Oglesby; Dr. Larry Greenblatt; Arthur Apolinario; Lillie Rhodes

Council Members Absent – Rep. Zack Hawkins [AI Notetaker]; Kris Gardner; David Alexander

Guest Speakers — Nitin Krishnan, Office of Management and Budget

Agenda
I. Welcome and Meeting Purpose
II. Introductions
III. Discussion of Criminal Justice Interplay
A. Training for LE
B. Training for Attorneys and Judges
C. Expunctions
IV. Presentation: Taxation Strategies
V. Planning the Remaining Meetings
VI. Other Business and Next Steps

Purpose Statement
The Revenue and Legal Subcommittee will review revenue and tax structure options, federal law compliance considerations, and criminal justice reform issues related to cannabis regulation, and develop recommendations to establish a sustainable revenue framework and address the legal impacts of past cannabis-related convictions.

Policy Priorities
- Revenue plan
- Consumer protection
- Tax structure
- Federal law compliance
- Criminal justice reform: expungements for past convictions; prosecutorial training; judicial training

Guest Speaker Suggestions for Future Meetings

- New York and Massachusetts are potentially states to look to as examples
- Art Apolinario: Expert in Baltimore who presented in L.A. and cannabis user
- School of Government (Joy and Lillie suggested) and thinking about reform and expunctions for prior marijuana convictions; someone from Americans for Safe Access (ASA)
- Pat Oglesby about kinds of revenue and licensing structure the Council could recommend + CANN-RA for information about expunction
- Professor Phil Dixon speaking about the federal regulations that are coming out and changes in the federal schedule
- Someone from the State Bureau of Investigations
- Someone from criminal justice reform where they automated expunction (automatically—without a person having to petition for an expunction)
    - Successes and hurdles in other states
    - Explore ideas of whether the subcommittee wants to make a recommendation about automatic expunctions for certain charges or convictions
- From Mark Ezzell: GHSP grantees (NC Conference of DAs, FTA, etc.)
- Someone from Canada to discuss taxation strategies

Discussion of Criminal Justice Interplay [Joy Strickland]

Training for Law Enforcement

- Seek agreement with other subcommittees that law enforcement is going to need training—using this in the final report
    - How to best get information to law enforcement? How quickly?
        - Add this topic as an in-service training from the Criminal Justice Commission and Sheriffs' Commission
    - Is this a current need with existing laws or if other legislative changes occur?
        - Potentially both.
    - Phil Dixon discussed training about the variety of products and what they do. Suggested that many officers run into the problem of knowledge or lack thereof—people don't even realize something is illegal or have a plausible claim that they didn't know. This is happening a lot and the cases are thrown out often.
        - Training on which products are legal and which are not
- Potentially make a recommendation that if there is legislation that legalizes certain products, there should be additional training, as well as training for which products are legal and which are not.
    - Might need some time for the courts to interpret and understand the landscape before training is arranged.
    - Thinking about standardization of what being intoxicated is as well—what counts as a positive field test; odor; etc.
        - Broad topic and difficult for training because we don't have legislation that sets the standards, but we need that and training afterwards
    - Standardization related to impaired driving—courses that are taught currently related to impairment by a controlled substance other than alcohol [add to recommendation]
        - Bills are moving so quickly, it's difficult to keep up

Training for Attorneys and Judges

- Review training materials from Professor Phil Dixon—PowerPoints and blog can be shared
    - Criminal Law

Expunctions

- Bring in someone from the State Bureau of Investigations
- Someone from criminal justice reform where they automated expunction (automatically—without a person having to petition for an expunction)
    - Successes and hurdles in other states
    - Explore ideas of whether the subcommittee wants to make a recommendation about automatic expunctions for certain charges or convictions [improbable that General Assembly would approve—just quick information]
    - Potentially look at Virginia

Presentation: Taxation Strategies [Anca Grozav and Nitin Krishnan]

- Types of Tax Structures
    - Price-Based Tax
        - Assessed as a percentage of sale price
        - Works like a special sales tax layered on top of regular sales tax
        - Example states: CA, CO, MA, MI MO (price-based is most common)
        - Disadvantages: More volatile (fluctuates) and because it is price-based, it acts as a weak deterrent
    - Weight-Based Tax
        - Assessed as a flat dollar amount per ounce or gram
        - Levied at the point of cultivation (usually)
            - Alaska is the only state solely using this tax
        - Advantages: It is a stable and predictable tax and harder to game
        - Disadvantages: Ignores potency and requires categorization of product type
    - Potency-Based Tax
        - Assessed on actual THC content, mirroring alcohol taxation
        - Used by a few states—New York repealed; Connecticut uses
        - Advantages: Targets harm-causing element and reduces ultra-high THC products
    - Tier Ad Valorem System (THC Threshold Hybrid)
        - Works like price-based tax
        - Differentiates tax rate by product potency level or type (flower v. edibles v. concentrates)
        - Doesn’t require THC testing but still acts as a bit more of a deterrent
        - Disadvantages: More difficult to track, enforce, and has some revenue volatility
- A high tax rate does not yield best, long-term outcomes
    - Initial rates that undercut or match illicit prices prevent the entrenchment of the illicit market
- States generally prefer to collect at retail; however, some states do a combination of that and wholesale
    - Collection point matters less than total rate

    - Taxing at multiple points creates pyramiding
- Other States
    - Good: Massachusetts has a price-based tax with around 20% overall rate and steady revenue
    - Cautionary Tales: California (high—40% tax rate resulted in large illegal market)
- Considerations
    1. Consider price-based tax at retail—the simplest and lowest risk way to launch a new program
    2. Keep the **combined burden** in the 15-20% range
    3. Collect at a single point, preferably retail, to avoid pyramiding
    4. Consider lower taxes for medical use coupled with strict regulations and enforcement
    5. Consider a tiered ad valorem system with a few categories to **reflect product risk**, rather than full potency testing
    6. Consider a modest weight-based floor on flower if **revenue stability** is a concern
    7. Build in **flexibility** through periodic legislative review

Other Comments:

- Industry does not like potency taxes because the price does not go down with sales
    - Consumers will say start with low tax burden and then build up as enforcement and consumer safety concerns prevail (look at Virginia)
- Definitely don't want to overtax in the beginning because the illicit market is entrenching itself
- Takeaways: Low tax to start and flexibility
- Others have recommendations for potency-based tax (Pat Oglesby) and suggestion to look a Canada
    - Did not want to encourage new users
- Talk to New Mexico about slow increase of tax and if they've seen decreases in illicit market (quite slow and low level to start)
    - Actively managed and not aggressive
- Complicated discussion and potential conditions for medical conditions to prevent medical practices

Planning the Remaining Meetings

- Reschedule for Thursday, August 27 from 1:00-3:00PM + update everything
- Reschedule November Meeting (Nov. 27 is holiday)
- Review the Guidance Document and Recommendation Form
    - Ensure all subcommittee members have access

Learning Resources

- PowerPoints and Blog Posts from Professor Phil Dixon
- 2019 article from Pat Oglesby about taxation
- RAND Report from Pat Oglesby
- The 35% THC discontinuity in Illinois's cannabis tax – The Center for New Revenue

Action Items / Next Steps

- Get guest speaker schedule set up
    - Tax structure from other states and Canada
    - Mark Ezzell can provide information from the Governor's Highway Safety Program
    - Institute of Government and the Congress of DAs

Adjournment

Meeting concluded at 2:55pm.
Next Meeting Date: Thursday, August 27 from 1:00-3:00pm