

Legalized Marijuana Tourism and Lodging Industry Perceptions

Soo Kang
Hospitality Management
Colorado State University
Fort Collins, CO, USA

Jeffrey Miller
Hospitality Management
Colorado State University
Fort Collins, CO, USA

and

Joseph O'Leary
Human Dimensions of Natural Resources
Colorado State University
Fort Collins, CO, USA

EXTENDED ABSTRACT

The state of Colorado had passed the Amendment 64 in 2012 that allows the sale of recreational marijuana on January 2014. The Colorado residents who are 21 or older can buy marijuana like alcohol except the cannabis purchase is only restricted to an ounce. Nonresidents can buy a quarter ounce.

The passage of this Amendment made Colorado to be the first state in the country to legalize recreational cannabis. As of January 1, 2014, three dozen retail stores opened throughout the state and 18 of them are located in Denver. However, about 160 retailer applications are in pending seeking licenses statewide in January 2014 due to the lengthy licensing process.

The primary support behind the legalization of recreational marijuana is tax benefits to the local and state constituents. About state tax rate of 25% will be levied in addition to the usual state sale tax of 2.9%, making recreational cannabis one of the most heavily taxed consumer products in Colorado. It is estimated that the legalization will bring additional \$67 million a year to the state and of them, \$27.5 million will be allocated to build schools.

With this unprecedented circumstance, the passage of the Amendment presents both opportunities for new business and operational challenges and uncertainty of how business owners should be handling this new law. The hospitality industry, in particular, has a strong draw for marijuana tourism because people traveling to the state to experience recreational marijuana will need a place to stay and a place to smoke. In a nutshell, the law specifically allows any entity "who occupies, owns, or controls a property" to set its own marijuana rules at that property.

Some proponents of the law suggest that lodging properties should take advantage of the potential tourism opportunity by making themselves "marijuana-friendly" hotels for out of state visitors (Allen & Holder, 2014). In Denver, marijuana smoking could only be allowed indoors in designated smoking rooms, and hotels can't have more than a quarter of their rooms designated as such.

On the other hands, opponents are concerned about the image that Colorado has held as a family recreation destination. In particular, some ski resorts expressed the concern that people would smoke while on the slope and may disturb family skiers.

Another implication with this newly implemented law is dealing with the hotel's employees. Employers can clearly fire people who show up to work intoxicated. However Colorado case law on medical marijuana suggests they can also fire an employee for off-the-clock marijuana use, even if there is no allegation that the employee was impaired on the job. As described by one lawyer, "employers hold all the cards" (Knapp, 2013).

In order to avoid any complications, hotels should create a detailed policy regarding the use/possession of marijuana on their property. It is important to make this clear to guests who may expect that they are free to use marijuana when staying in the hotels in Colorado. Therefore, having a clear policy and providing relevant resources for the guests and employees is crucial to avoid any confusion and to create the best scenarios for their businesses.

This primary purpose of this study is to document the current policies and regulations regarding legalization of marijuana at a lodging property level (Belhassen, Santos, & Uriely, 2007; Humphrey, 2014). Personal interviews and online survey will be administered to collect the data for this purpose. Findings of the study will serve as foundation for policy makers and regulators in the state of Colorado and for other constituents who may consider the legalization of marijuana in the future.

Key Words: legalization of recreational marijuana, Colorado, hotel industry, managers' perception

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