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Growing Clout Behind Marijuana Industry Shows Importance of Expanded Lobbying Disclosure

JEFF BRINDLE • May 09, 2019, 11:45 am

Lobbying by marijuana interests soared in 2018. But the emergence of Fortune 500 companies onto the marijuana stage in New Jersey is likely to drive up spending even more in the Garden State.

Especially if history is any guide.

In 1974, the people voted down a measure that would have allowed casino gambling in Atlantic City and three other areas- Asbury Park, Vernon Valley and the Meadowlands. Those favoring the referendum spent \$576,600 while the opposition, led by a coalition of churches, spent \$35,500.

Not to be denied, proponents, assisted by out-of-state interests, undertook a second campaign two years later to secure casino gambling solely in Atlantic City. This time, they more than doubled their spending and prevailed.

The 1976 campaign saw supporters of casino gambling spend \$1.3 million. Opponents, spending just \$21,000, were overwhelmed.

In 1974 casino gambling advocates received 790,777 votes for their efforts. By 1976 support for casino gambling almost doubled, with the public casting 1,535,249 votes in favor of the constitutional amendment permitting gaming in the Queen of Resorts.

Along with limiting gaming to just one city, what changed from two years before was the formation of the Committee to Rebuild Atlantic City and the involvement of major out-of-state corporations. Aided by Resorts International of Miami, Florida, the Committee raised \$1,232,256. Resorts contributed over \$200,000– the largest donation from one source- toward the campaign. Other companies, like Howard Johnson, Holiday Inn and Ramada, also chipped in.

Over \$1.35 million was spent on the 1976 public question, mostly by proponents of casino gambling. Adjusted for inflation, \$6 million in today's dollars was spent on the referendum, making it the second most expensive public question in the State's history. Resort's share alone today would have \$900,000 in buying power.

More recently, another casino ballot question in 2016, which would have permitted casinos in Northern New Jersey, drew nearly \$25 million in spending pro and con. It now stands as the most expensive ballot question in state history. Even though opponents defeated it, it could be back one day. Governor Phil Murphy said April 23, 2018 that he believes the state could expand in other parts of the state while continuing to stabilize Atlantic City's finances.

It took a big push by major corporations to bring a whole new industry- casinos- to New Jersey. Marijuana interests may need a similar boost.

While medical marijuana already has been legalized in the state, legislation allowing recreational use has run into stiff resistance even though pro-marijuana spending on lobbying rose nearly 319 percent to \$1.4 million in 2018.

Governor Murphy and legislative leaders are continuing to hold meetings to try to rescue the bill, which Senate President Steve Sweeney gave only a 50-50 chance of passage on April 29, 2019.

Even as they deliberate, a sea change is taking place in the marijuana industry as it attempts to gain legitimacy and public acceptance.

Recently, Altria, the tobacco giant, invested \$1.8 million in cannabis company Cronos Group, according to an April 23, 2019 Politico story. Politico reported the next day that another major corporation, Harvest Health and Recreation, was in the process of purchasing two U.S. marijuana companies, Canna Pharmacy and Verano Holdings. Both have interests in New Jersey.

According to Sam Hutton, writing for Politico, if the New Jersey Department of Health approves the acquisition, it would have Harvest maintaining “control over one-sixth of New Jersey’s marijuana market.”

Moreover, Harvest would have the right to operate two marijuana dispensaries, one in Woodbridge and the other in Union County. The Union County dispensary would also involve a cultivation factory.

On April 29, 2019, NJ Advance Media reported that another major corporation, Canopy Growth, is reported to be in the process of buying Acreage Holdings, another firm active in New Jersey. Canopy recently received a \$4 billion investment from Constellation Brands, a Fortune 500 company that makes beers like Corona, the same article said.

In 1976, Resorts International upped the stakes in the effort to secure casino gambling in Atlantic City. Similarly, the emergence of two major out-of-state corporations investing in the State’s marijuana industry likely will heighten the spotlight on the issue of legalization of marijuana as the issue heats up again toward the end of May.

Or, if the bill fails to win support this year, the deeper pockets of the industry could revive interest in the future. Just as casino supporters did.

This is why up-to-date disclosure of lobbying activities is so important to the public good. There are many significant issues to be decided in New Jersey and the legalization of recreational marijuana is just one of them. An informed public in terms of who is behind varied and sundry efforts cannot be under estimated.

Recently, with bi-partisan support, S-1500 (Senator Troy Singleton, D-7)/A-1524 (Assemblyman Andrew Zwicker (D-16) passed both the Senate and Assembly with an almost unanimous vote. The bill, which requires timely disclosure of electioneering and issue advocacy/grassroots lobby activity, is currently on the Governor’s desk. He has until Monday to decide.

With so many important issues facing New Jersey, it is hoped that Governor Murphy will sign the bill and guarantee sunlight will shine over the governmental process.

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The opinions presented here are his own and not necessarily those of the Commission.