The cannabis industry perspective on market stability and regulation

February 5, 2024: House Health Subcommittee on Healthcare. Chaired by Rep. Krajewski.

Rep. Krajewski

Okay. Good morning, everyone. We are gonna get this hearing started. We'd like to thank the general public and all of the members for joining us today for our third informational hearing on adult use cannabis. I am representative Rick Krajewski of the 188 District. I am the chair of the subcommittee on healthcare, which is hosting today's hearing. And I'm grateful to be joined by many stakeholders and advocates and experts and members to continue the conversation about adult use cannabis here in Pennsylvania.

I'd like to start by recognizing the other legislative members who are here with us today. We have Chairman Dan Frankel, Chairman Kathy Rapp. We also have Representative Paul Schemel, who is my subcommittee co chair, Representative Tim Twardzik, believe that's everyone that's here in person. And virtually we are joined by Representative Borowski, Representative Bonner, Representative Roe, Representative Sanchez, Representative Khan, and Representative Venkat. Before we get into the first panel, I would like to offer the opportunity to the chairs of the healthcare committee to provide some opening remarks. We will start with representative Frankel.

Rep. Frankel

Thank you, chair Krajewski. As my colleagues and I'm sure a lot of the audience knows, this is our third hearing exploring best options in legalizing cannabis for adult use. The first two hearings featured those with expertise in health and safety research economics and regulatory structures. We received feedback from those in the industry that their on the ground perspective may be beneficial. Today's hearing will provide an industry perspective on what a potential market should look like. From the outset, my personal goals for adult use have been to put health and safety of our constituents first and to allow for equitable and meaningful opportunities particularly for those harmed by the war on drugs. We're still in the infancy of cannabis legislation and there's great uncertainty about how future federal actions might affect state markets, but we know that they will. We want to establish a market that is sustainable, not only for the next three to five years, but for the next ten to twenty years. That means being honest about issues like what market consolidation would look like, how we can ensure meaningful social equity, and what it's going to take to protect Pennsylvanians if cross state sales are coming. We will be hearing from those who have

experience in other states with adult use markets who can touch on what went right and what went wrong. In addition, we'll hear from those who are currently in the medical marijuana program and walk us through their experience and what they feel is necessary to improve in the adult use market. As we create ground rules for an eager, highly capitalized new industry, we must remember lessons from industries that came before. When the former Philadelphia health commissioner has penned an editorial titled, “Big weed today is like big tobacco in the nineteen fifties”, I pay attention. Legalization is coming and it should. Criminalization has caused grievous harm, but we must think carefully about how legalization comes. I look forward to listening to those participating explain their thoughts. Thank you. Thank you, chairman. I will now pass it over to Chairwoman Rapp.

Rep. Rapp

Thank you, representative. I too am looking forward to the testimony and I am also very concerned about the health and safety of the people of Pennsylvania, especially our children, our students across the state. I'm sure many of you sitting here today have heard of the case in California where a woman after consuming a strain of marijuana with a THC level of more than 30%, significantly higher than the average dose, stabbed her boyfriend 108 times, obviously to death. And the judge actually only gave her community service and probation. I have consistently been very concerned about THC levels and marijuana, so that would be a big factor for me and where we would be heading in the state of Pennsylvania. And I know in other states such as Washington state, the Seattle Times editorial board has been consistently highlighting in Washington about the dangers of high potency marijuana and the connection to mental health. And obviously the woman in California, the high THC levels put her in, evidently, a state of psychosis where the judge said well she wasn't really responsible for her actions because of her induced state which that leaves a lot of questions as well. So, I'm very concerned about what direction we are going, especially with THC levels. I've heard the chairman and the governor very clear are pushing for legalization, but from what I'm seeing across the nation I am not one at this time to jump on the bandwagon. I have a lot of concerns, especially for our students. Mental health is a huge crisis in the state of Pennsylvania and quite frankly across the nation. So I am very concerned about what legalization will do to the youth in this state, this commonwealth. Thank you, Mr. Chair.

Rep. Krajewski

Thank you, Chairwoman. I will next pass it to representative Schemel to provide remarks.

Rep. Schemel

Thank you, Mr. Chair. On my drive into the capital this morning, I was listening to public radio. It had an interesting story with regard to the experiments in drug legalization in the state of Oregon. And although Oregon has done something different than what might be proposed here, we don't know what the proposal will be, it's clear from the experiments that a number of states have done, that the impact has not been prepared for of legalizing these potentially dangerous or often dangerous drugs.

Today, we'll hear from industry specialists, from industry that's set to make millions, maybe even billions of dollars in the Commonwealth of Pennsylvania. We do that knowing from the experiments in other states that people will be harmed. We know that usage rates will increase. We know that teenage use will increase. We know that psychosis will increase. We know that demands on mental health will increase. We're policymakers in this building. That's what we're elected by our constituents to do, to make policy is for the best of the people of the Commonwealth, the best of our constituents who are our neighbors. In my ten years in this building, I cannot think of a single example where we have made policy that we know will harm people just because there are demands on a budget to do other things. So we will hear today from a number of the individuals that will make money on this policy if it becomes law. I'm sure we can predict what that testimony will be. Thank you.

Rep. Krajewski

Thank you, chair. I also wanna recognize we're joined online by representative Kiefer. And I for one will say that I am very grateful that our committee and our Commonwealth is having this long overdue conversation. The criminalization of adult use cannabis is part of a larger legacy of the war on drugs that has disproportionately impacted black and brown communities in this state for generations. And it has not resulted in more responsible use. It has not resulted in ending addiction. It has not resulted in keeping communities safer. It is time for us to really have an honest conversation about how we can have responsible cannabis use, how we can use legalization to regulate cannabis use, and how we can do that in a way that is addressing the harms that have been caused to communities for generations on their criminalization of cannabis. So I'm really grateful that we're joined here by many people that are gonna form the backbone I mean, have formed the backbone of

this economy and other states. We're gonna be joined by grower processors, dispensaries, labs, and clinical registrants. And my hope is, as we have in previous hearings, that we will continue to figure out how we can do this in a way that is responsible, that is socially equitable, and is racially just, which are all values that I know everyone on this panel cares about. I know everyone in this public cares about, and so I'm looking forward to us having a real honest conversation about how we do this right in Pennsylvania. So with that, we are gonna bring on our first panel. We are joined by Shelley Edgerton with PharmCan and the former licensing and regulatory affairs for the state of Michigan. Steve Riley, partner general counsel for INSA, and John Sullivan, is the executive vice president of Cresco Labs. We'll have everyone provide their remarks, then we'll open it up for members to ask questions, and we'll keep it rolling. So with that, we will start with Ms. Edgerton. Thank you.

Ms. Shelly Edgerton

Thank you. Can you hear me? Okay, great. Thank you Mr. Chairman, committee members. It's pleasure to be here today in Pennsylvania, especially with the sun shining out there. We're very thankful to be here for the opportunity to discuss policy considerations for moving the Pennsylvania market forward. I am Shelly Edgerton. I am, associate general counsel for in the government regulatory affairs office. But I've also served as the former director for the Michigan Department of Licensing and Regulatory Affairs. And at one time, similar to Pennsylvania, was charged with the responsibility of creating medical facility licensing program and also moving us into adult use before I left the state of Michigan.

So with that, PharmaCann, we are a grower processor. We have facility in the greater Scranton area. We also have three medical dispensary permits and we have sites located through Southeast And Central Pennsylvania. We also operate, besides in Pennsylvania, we operate in seven states. So we have a lot of experience in dealing with other markets in terms of what works and what doesn't work necessarily. I know you're gonna hear from the panelists today and a lot of people today, so we'll probably have some consistency in our remarks. Because a lot of us do operate in other states and we've been able to witness firsthand kind of what works and what doesn't work for operators. Our company, most recently transitioned into Maryland, a border state for you. And Maryland probably has been one of the better models to look at if you're looking at it from a policy consideration. Ohio is expected later this year, potentially in September, if not sooner. And they did that, via a referendum. With 24 states now having adult legal use, I will say as a former regulator, no state does it perfect. But there are definitely some great policy considerations out there, and I'd like to just share a few of those with you.

First of all, centralize your regulatory structure. There's nothing worse than having bureaucrats run over each other in duplication and not create the synergy necessary to run programs. If you have a centralized registry of regulatory program, that person, that agency can monitor, track, develop policy and do things much more quickly than if you have this across the board. We've seen in a number of states, you have Department of Ag, Department of Health, Taxation, Commercialization, Corporations. I mean Illinois has what four or five you know departments all reaching out cover this. Allowing a centralized registry regulatory agency to provide that oversight will create that synergy necessary to move adult use in a kind of an expedient and efficient way. Well also allow the regulator the opportunity to basically create better opportunities for social equity applicants because they're not gonna be focusing on the medical and the adult use licensees who already are operating in the space.

I'd also like to recommend that sometimes with a non-centralized regulatory agency, it creates confusion for the operators. Sometimes there's confusion in terms of enforcement. We talk public health and safety and testing. And sometimes that crosses over in terms of the agency as who's responsible. Especially when we're dealing with the issues of hemp. I think you're all witness, I think everyone has seen articles dealing with the rise in the level of intoxicating hemp products at gas stations, convenience stores, tobacco shops where, you know, the youth have access quite easily and it's not, you know, is not regulated to the extent that the marijuana right now is regulated in terms of the medical benefits. So having that under the wing or the guise of a central regulatory agency is very very important because they can address policy quickly, especially at the direction of the legislature.

The other thing I'd like to encourage is a go-live date within your statute. It is a policy consideration that is very good in terms of controlling your regulators. As a former regulator in Michigan, we were given a year to implement from top down a whole entire program. And it was my goal as a regulator to make sure that that got done. Giving your regulators those go-live drop dead dates will ensure a smoother transition and allow them to focus on everything. Next, I would encourage that you transition, much like, Maryland and a number of other states. Transition the medical users, licensees, operators right now into the adult use on day one go-live basis. We've already been licensed. We've already struggled. We've already been able to comply with the regulations required. Moving into the adult use market should be a smooth transition and something done quickly and expediently. It will also allow the regulator the opportunity to focus on other more prior issues. Much like if you're reviewing the THC caps or you want to establish THC caps. If there's any additional testing that's necessary. If you have the licensing platform, and Pennsylvania already has a licensing platform. You already have those tracks laid for the smooth transition of current

medical operators into an adult use market. That I would encourage you to review that and consider that as a policy consideration.

I would also encourage you to avoid the misstep in some of the states where you've allowed locals to opt out of the adult use market. Putting some parameters around that, I mean allow them to continue to operate and restrict regulate, if you want to say, kind of time place manner. So if they don't want stores open past 10:00 in their municipalities. Those kind of regulations are something we're accustomed to and something that we expect at the local level. But opting out and providing greater restrictions in terms of where you are able to site property creates a tremendous burden not only on the operators, but also the inability to serve maybe an underserved population in areas because it's not feasible.

Ohio recently just enacted in the referendum an opportunity for municipals should they choose to opt out of a referendum process. It's an election process. So the current medical operator would go into adult use, and then if the local municipality decides they don't want cannabis in their municipal bounds, they have to go to a referendum with time frames and signature requirements. That would at least give the municipals a local opportunity to opt out at some point if they so choose. And we're seeing that. In Michigan, unfortunately we had a limited license state. And so you only had, or in the early days we had few municipalities opt in. So what you saw in Michigan a lot of times was an over saturation. Michigan's gotten a lot smarter. Municipalities have gotten a lot smarter. They've started to do green overlays. And that allows some flexibility on the number of licenses that would be participating in that municipality. So something to consider when you're thinking about this.

The next thing I like to bring forward is the seed to sale program. Seed to sale tracking. You know, right now Pennsylvania seed to sale tracking is sometimes chronically non operating. And it's causing the medical cannabis supply problem for the patients. And many times when the system goes down, patients are not notified, patients are not aware of it. So, they show up at a location expecting to obtain medication. And the system is down and basically the store is closed. Or they're being told to wait. We know that some of these folks, you know, traveled great distance to get to a location. And it's just unfortunate that because of the system, it's not done. I would ask that you consider maybe in statute putting in requirements for offline. Some type of offline mechanism whether the regulator devise it or if the legislature wants to do it. Have them have them dictate that there has to be an offline process. So because no technology system is perfect. Somebody's gonna be offline, something's gonna go down, a transformer's gonna get hit, something's gonna happen to the Internet where people can access the electronic. But if you have a secondary step and a secondary process, it can help the patients as well as the consumers, and as well as the

stores. Because unfortunately when your system goes down, I think last year it went down for like nineteen hours. I mean, you know, the businesses cannot afford to have people just stand around and wait. So people are sent home. And unfortunately, they don't get paid for those hours missed. So I think that's a grave concern and something that should be considered when you're looking at this.

The next thing I would suggest is in regards to the taxes. I know taxes and everyone is very interested in the amount of sales that this potentially could generate and the amount of tax revenues back to the state. Because they can definitely be used to fill budget holes. Let's put it that way. But I think it's important, from a perspective of not setting too high a tax rate. You have to find that balance. As legislators, it's important to understand the dynamic of the market. A tax rate that's too high will continue to send individuals, patients, medical, cannabis consumers, they'll cross borders or within your own Pennsylvania state into the illicit market. Because if you can get it down the street for, you know, pennies on a dollar, but yet have to go into a store and pay, you know, 40% taxes, you're not gonna buy at a store. It's important to recognize that balance. And that's obviously something that you will do. You know, Michigan was fortunate. They did a 10% excise tax, and we have a 6% sales tax. So it's 16%. Total sales in Michigan for '23 exceeded 3,000,000,000. Actual revenues from tax revenues that will be dispersed to the state as well as to the municipalities is $266,000,000. I mean Maryland alone, a border state, in the first quarter received 12,000,000 in sales. And I know it's not all about the sales and to fill the budgets, but you need to find a balance of what's accommodatable. And to make sure that we don't continue to drive the illicit market, because that's really where a lot of people will go if taxes are too high.

And finally, I'd just like to mention, know, obviously California is not a good example if you wanna look at a bad example for tax rates. California is horrible. And considering their program, they've also started to anticipate trying to reduce tax because their illicit market is so huge. And so we would ask, and I think anybody in this panel or in this room probably would ask to, when you're looking at the tax rate, look at something that's reasonable and fair. Fair not only for the operators, but fair for the customers that are going to have to pay for it. Because the point is to get them into safe regulated tested use of products, not somebody buying something down the street.

And finally, you know, consideration of that clinical registrant, advancement and academic support of those partnerships I think is crucial again still for Pennsylvania. I believe there's still a lot of stuff we don't know about the cannabis industry and the use of cannabis on a regular basis. And having those kind of partnerships with our academic universities is critical. I mean, I know in Illinois, we've been participating with a number of universities on

that. I think you probably have seen news articles even across The United States. Many universities have tackled some type of certificate or even a degree to program in the cannabis. And so I think there's a recognition that there is a need to fill this, and there's a lot of job opportunities for young students coming out of their fields from their universities after they graduate in the cannabis industry. So with that, I'll close. I know my partners up here will have a lot more to say.

Rep. Krajewski

Thank you. Thank you, Ms. Edgerton. Next we'll hear from Steve Riley. And I also want to recognize that we have been joined in person by representative Boyd and online by representative Zimmerman. And now we'll hear from mister Riley. Thank you.

Mr. Steve Riley

Good morning, mister chair, members of the committee. My name is Steve Riley. I'm an attorney that submitted to practice in Connecticut and Massachusetts. I'm also an owner and partner at INSA. INSA is a vertically integrated cannabis operator in Massachusetts, Pennsylvania, Florida, Ohio and Connecticut. Here today to talk to you about some of our experience in those states. We formed our company in Massachusetts in 2013. Prior to my time at INSA, I worked for the Speaker Pro Tem in the House of Representatives of Massachusetts. I was also an attorney that did municipal and licensing work across the state. In Pennsylvania, we're a grower processor only, so we don't have dispensaries in this state. We operate in Shamokin Dam which is about an hour north of Harrisburg. We've got a 40,000 square foot facility there with approximately 35 employees who cultivate process and package cannabis for sale across the Commonwealth.

What I'd like to talk to you today are three main issues that I think you should consider as you're undertaking this adult use potential for Pennsylvania. The first is identifying a regulatory body who should actually regulate this and Shelley on a little bit of that. I'm gonna talk about it a little differently than she had. The second is leveraging the existing medical market to prevent the illicit market from taking hold. Shelley talked about that a little bit as well. And the third is restricting unlicensed competitors, basically Delta eight and Delta nine THC as they represent a threat to the legal market as well as a health and safety issue that's significant across the Commonwealth.

As to the first issue, regulatory oversight, we believe strongly that there should be an independent regulatory body that's tasked with this. We've seen that in Massachusetts to varying effect. We've seen other states put the responsibility of regulating adult use cannabis with existing agencies. We think that's a mistake. Those agencies may want that

task. They may not want that task. So we've seen varying results with that. But we think it's critically important to task a new regulatory body with overseeing this industry. Mean what it's really talking about doing is standing up significant numbers of sales, employees, and tax revenues across the commonwealth. And I would draw a distinction to casinos. Casino gambling in most states across the country has necessitated independent gambling commissions or independent regulatory bodies. We think that should be the case for adult use cannabis. They have the dual goal of getting the industry up and running, but they also see it as more of a partnership. What we've seen in states that don't do that and put this responsibility with existing agencies is they take a heavy handed approach to regulation which we think restricts the market to the benefit of the illicit market. And one of the goals of cannabis regulation should be ending the illicit market. Rep Schemel had some comments that were excellent I think in terms of the dangers of cannabis. Right now that exists in Pennsylvania today. I can walk out on the street and buy cannabis in Harrisburg today. So the goal part of this has to be stopping that. It should be one of the primary goals and I think a lot of what I'm gonna say dovetails with that.

But beyond the actual regulatory agency I think what you have to look at also is leveraging your existing medical program what you've seen in other states and Shelley mentioned a bad state California I'll mention another one New York, New York's done a horrific job of implementing their program. One of the reasons is that they legalized cannabis with no clear path to create a legal market quickly so what that's done is allowed the illicit market to take hold. If any of you have been in Manhattan recently you can you can understand what that looks like. So I think it's critically important for Pennsylvania to actually have a quick timeline from legalization to implementation so that it doesn't leave a vacuum for the illicit market to fill that.

Ohio for example recently has been talking about a ninety day implementation period on the ballot initiative that just passed. I think there are some reasons that they should do that. It doesn't sound like they will, but I think a quick turnaround is something that this committee should consider in terms of preventing the illicit market from taking hold.

The last thing I wanted to cover was Delta eight and Delta nine THC. This is an intoxicating product that's available for sale across Pennsylvania right now. You can buy it in gas stations, you can buy it in smoke shops, you can buy it in convenience stores. They're completely unregulated, they're completely untested, completely untaxed and unsafe. They pay no taxes to the Commonwealth. The packaging and flavors appeal to minors. They're known to contain high levels of heavy metals, pesticides, and other contaminants. And despite these negatives, again, no taxes to the Commonwealth. While these products are allowed to be sold, they're gonna undercut your legal market, which will undercut your

tax revenues. But in addition, you're gonna have all these negative products on the market that are out there available to folks and particularly children. So I think it's critical that in any adult use law you look at the hemp THC market for what it is it's a competitor to the legal market. As license operators we pay annual licensing fees. We've invested millions of dollars in infrastructure for manufacturing that includes seed to sale tracking systems, lab testing, competitive wages and benefits for employees, DEI programs. These unregulated interlopers will have no such obligations in the market. They'll do none of those things. Left unchecked, those regulators will lead to the erosion of the legal market.

And those are the final comments I have for you today. Again, I want to take big picture things. Who should regulate using your existing medical program to quickly create revenues but also prevent the illicit market from taking hold and then eliminating unlicensed competitors through the sale of THC derived from hemp. Thank you.

Rep. Krajewski

Thank you, Mr. Riley. And lastly, we'll be hearing from John Sullivan with Cresco Labs.

Mr. John Sullivan

Thank you, Mr. Chairman, members of the committee. Good morning. My name is John Sullivan and I'm the Executive Vice President for Cresco Labs for Public Affairs. Cresco was one of the original five medical operators in the Commonwealth of Pennsylvania. We currently operate in eight states, but in Pennsylvania we specifically we grow, we manufacture and dispense medical cannabis products. In fact, we manufactured and sold the first medical product in the Commonwealth on February 15, 2018. Additionally, we've partnered with Temple University to conduct cutting edge research on cannabis therapies.

Since we were awarded our license six years ago, we've invested over $100,000,000 in the Commonwealth. We built out a 35,000 square foot facility in Brookville and we opened dispensaries throughout Pennsylvania. We currently employ 455 people in Pennsylvania and all of them have health insurance, paid vacation, paid community volunteer hours, paid sick leave, good paying jobs, and ownership in the company. Today, Cresco's Brookville facility has manufactured 22,324,992 medical cannabis products for Pennsylvania's patients. Every one of those products was tested by independently licensed third parties to ensure accuracy of potency and to make sure it was free from heavy metals, pesticides, mold. Every product was sold in child resistant and tamper evident packaging that was reviewed and approved by the Department of Health. None of the products,

packaging or advertising are designed in any way that would appeal to children. We've had zero product recalls and zero documented instances of children being hospitalized after consuming our products. There have been zero instances of diversion or selling products across state lines.

This track record did not happen by accident. It happened because the state set up a comprehensive regulatory framework and partnered with a limited number of operators that were carefully vetted through a robust merit based application process. The results in Pennsylvania speak for themselves. The team at Cresco Labs has spent the last ten years helping build a responsible, respectable cannabis industry. A cannabis industry where all cannabis is tested, tracked from seed to sale, and labeled so that patients know exactly what they're consuming.

However, that responsible, respectable cannabis industry is in jeopardy in Pennsylvania. Pennsylvania today also has an illicit cannabis market. And as a result of the 2018 federal farm bill, it has what I call gas station cannabis. Otherwise known as intoxicating hemp, synthesized cannabis, delta eight, delta nine, THCO, and THCA flour. Walk into virtually any gas station, any convenience store, or any smoke shop and you can find these products in Pennsylvania today. The gas station cannabis industry in the illicit market are nothing like the licensed cannabis industry. The vast majority of these products undergo no safety testing, endure no regulatory compliance obligations, have no age restrictions, are intentionally child appealing, and are chemically engineered to be more potent than anything in the regulated cannabis industry. In Pennsylvania and throughout the country, we are seeing a frightening number of children mistakenly taking these products and ending up in the hospital. In fact, the Center for Disease Control is now tracking the number of incidents with gas station cannabis that send children to hospitals.

Furthermore, to our knowledge, all virtually all of these products come from outside the Commonwealth. They create no good jobs, they build no lasting infrastructure, and they pay little to no taxes. The worst part is with no regulation, it is virtually impossible to stop intoxicating hemp. Before I was in cannabis, I was a gang crimes prosecutor in Chicago, Illinois, and I worked closely with law enforcement. I still speak with members of law enforcement regularly. And right now, this gas station cannabis industry is impossible for law enforcement to stop. While the FDA and the DEA both issued clarifications on the illegality of the majority of these products, there is so much confusion around what products are legal under the 2018 farm bill--There is no way for law enforcement to walk into a smoke shop or a gas station and discern whether a product is hemp or cannabis or what it is. As a result, this industry operates virtually unchecked. Every day that goes by, this unregulated industry grows, takes hold, and makes it tougher for responsible regulated

industry to take its place. It puts everything that we have advocated for and operated compliantly pursuant to over the last ten years in Pennsylvania in jeopardy.

So today, I am imploring the Pennsylvania legislature, this committee to act quickly to implement an adult use cannabis program that has a robust regulatory system that emphasizes the production of adult consumers and keeps cannabis out of the hands of children.

How do we do this? First, use the current medical cannabis regulatory structure and footprint that already exists to launch the adult use cannabis program as quickly as possible. This will provide tens of thousands more good paying jobs, spur economic development, and provide significant tax revenue for the Commonwealth.

Second, create an environment where the entire cannabis ecosystems works together to create the best results for all businesses, whether small or large or new businesses or current operators. Infighting and delay will only embolden the illicit market and the hunt synthesized gas station cannabis industry.

Third, implement a system that maximizes the creation of good jobs for Pennsylvanians. Opportunities for people from all walks of life and the tax revenue that and the maximum tax revenue that Pennsylvania can collect. All of these things can be are possible if we act together and we act quickly. Thank you.

Rep. Krajewski

Thank you. I wanna thank all of our panelists for your testimony. Now we will open it up to members for questions. We will hear from chairman Frankel, followed by representative Schemel, followed by representative Venkat, and we'll work through the list from there. Thank you.

Rep. Frankel

Thank you, chairman Krajewski, and thank you to the panel. I think I should note at the outset that this is our third hearing and we had our first hearing that dealt with the illicit marketplace. And I think as you heard maybe in our opening remarks here, kind of maybe a different perspective, but I think that one of the emphasis I think that we all share is that we want to have a protect the health and safety of our constituents. The fact of the matter is, as you've noted, and I see in my own community, the illicit marketplace is alive and well and totally unregulated. And I see the the business model literally on three blocks where

my office is. I have a Trulieve dispensary that was doing great business. You know, just two blocks away, parking lot was full, people waiting in line to get in to that medical dispensary and today, you know, doesn't look so much and we hear that they're struggling. And then I see literally all over my business district, vape stores, convenience stores, etcetera, there must be a dozen within five blocks.

So we are very, very cognizant that we need to regulate that marketplace both for the safety and also for the viability of the existing medical marijuana marketplace and any prospective adult use marketplace. And the fact of the matter is acknowledging the concerns of my colleagues on the other side this is happening, it's going to happen, there's nothing we can do to stop it other than to create a marketplace that emphasizes safety and limiting access to underage individuals.

One of the other issues that has been very much of concern, I mentioned it and certainly representative Krajewski talked about it as well, is is the social equity piece. And, you know, how to do that particularly if you're looking and I I recognize doing a ninety day kinda going live is important in terms of, you know, preventing kind of the Wild West effect that we saw in New York if we're gonna get this done correctly. But that also kind of limits the kind of the social equity piece of this. And one of the things that we've seen clearly with the medical marijuana marketplace is the rapid vertical integration. So the opportunities for small businesses, etcetera, have gone kind of evaporate pretty quickly. And I think most people, things I read say that at the end of the day, you're going to have vertically integrated marketplace with a handful of grower process or dispensary operations at the end of the day.

So curious how you may have seen that, how you might look at a social equity piece in a piece of legislation, what other states have done, and the issue about this vertical integration that that is, you know, of concern to many of us.

Shelley Edgerton

Thank you, representative. I think, you know, I'll I'll weigh my 2¢ in here. I think, you know, which is one comment we all had, you know, as a an independent centralized regulatory body. I think when you have the speed of allowing the medical operators to go in, it kind of takes that burden and responsibility off the regulator to look at that they can focus then on the social equity applicants. I think if you look at Maryland, they did the ninety day window, transitioned medical operators into the adult use market. But then turned around and immediately focused on the social equity applicants. Creating a process whereby they were, it's a tight time frame for them. They had a lottery. They've already had the lottery

within the last, I'll say one hundred and eighty days. And haven't awarded those applicants yet, but it is there and it can exist. I don't know if you can---part of the issue I think sometimes with social equity is that you have to get the applicants in. You know, a lot of like us and [unintelligible] or even we operate in different markets. So we're familiar with what we need to do. And you want to make sure that your social equity applicants have the right tools. Are they getting access to capital? Are they getting access to education? Do they have good siding for real estate in that? And those are, I call them almost mentoring tools, but that's what's necessary. And you can build some of those policy considerations in there. I think a number of states have done that in terms of boosting social equity applicants into an early avenue into the adult use market. I'll say this, no state is perfect. I think everybody kind of picks and choose cuts and paste from different ones. But I think Maryland's done it pretty quickly and done it pretty well. So if you wanted to look at an example in terms of getting social equity applicants into the adult use market as quickly as possible, I would look to them as an example.

Mr. John Sullivan

Thank you. I think the key theme needs to be to make the entire cannabis ecosystem, big business, small business work together. I think the problems you see in states is when they try to pick one over the other and don't marry both parties. I mean, think New York is probably the best example of this. They said no, we're not going to allow the current industry to operate at all. We're going to shut them down. It's been for essentially three years and we're going to license all these small hemp farmers to start growing. Well they did that. Licensed all these small farmers in Upstate New York to start growing and then they grew these products and there was no place to sell them. Because they didn't let the 40 dispensaries of the current operators sell their products. So what happened to those farmers? They went out of business. Now they're talking about a fund in New York to try and help these farmers recoup all of their losses from growing these products. Whereas if they would have allowed the 40 dispensaries and required them or asked them or made partnerships with them to sell those products from those farmers, they would have had a marketplace to do it. It's trying to pick one over the other that I think remains the consistent problem. I started as a small business owner in this industry. I had two medical dispensaries in Illinois. The reason I'm here with Cresco Labs today is because I couldn't make it as a small businessman. It is just too hard. You can't get a loan. You can't get a bank. And most importantly, 280E of the federal tax code makes it impossible to make a profit. As a dispensary owner, you're taxed about 80% effective tax rate. It's one thing that Pennsylvania could do right now is decouple 280E, Pennsylvania's portion of the 280E tax

from the federal government so that businesses can at least in Pennsylvania take some of those deductions. But you have, it's not economically viable. You can't get a loan to open your business and you can't deduct the money you spent on it. So it's almost impossible as a small dispenser unless, and think some of the more creative ideas that have come out recently is to tie the big operators. If you mister big operator are gonna open another, an additional dispensary, you also have to open one with the social equity entrepreneur as well. You have to fund it, finance it, help them build it out, and not take equity in it. Make it a loan, make it payable under circumstances, and make the department follow those and make sure they're not egregious. We see a lot, I mean unfortunately in this industry right now, we see a lot of predatory lending. Oftentimes social equity applicants that get licenses in places like New York and other places 40% interest rates. I mean you cannot do this. You have to partner the industry that exists with the new operators that are coming online. It is the only way to make the system work and work quickly.

Mr. Steve Riley

Beyond transitioning the medical operators there will be new licenses that will have to be awarded in the adult use market. So that's gonna provide an opportunity to prioritize and carve out licenses for social equity applicants. I think Maryland's a good state. Shelley mentioned that. We don't operate in Maryland but I follow that program. I think it's been one of the better programs. But the reality I think with social equity that this committee should understand is these folks need funds. I think that's the biggest obstacle that we've seen and really that's where a commitment needs to be made to get them off the ground.

Rep. Krajewski

Thank you. Appreciate it. Thanks. Thank you. We're gonna switch the order up a little bit. We're actually gonna hear from representative Twardzik followed by representative Venkat.

Rep. Twardzik

Thank you for your testimony. Appreciate you taking time to talk about this special issue. I guess one of our challenges as we just spoke about is everybody needs to rush to market. We need to stop the illicit market. But when you rush to market, you end up with a lot of trouble and make mistakes. And we found that reading about New York City that their social equity just was a disaster. None it worked well and it doesn't sound like it's going to get any easier. How does this, John, with consolidation, how does that work? How long do

small operators last? They get their permit or they get their license. How long before they're swallowed up by big companies?

Mr. John Sullivan

Yeah, it's a great question. I mean again, when you can't make a profit because of the tax code, it's really hard. I mean when I first got into cannabis everybody thought oh, John's gonna be rich. It just doesn't work that way. There was a lot of misconceptions about the industry. But if you want people to run successful small businesses, it's like Steve said. I mean, of all, access to capital is absolutely critical. Whether that is a fund from tech sellers and the Commonwealth or like I said, partnering current operators to get social equity stores open quickly so they can participate in the market right away. You have to get a foothold, have to get in as quickly as possible because as things languish and go on it just gets harder and harder. Every day that goes by is an opportunity loss.

So really again, if you don't want them to get swallowed up, you have to make taxes work better for them. It's like any small business. They have to be having an opportunity to get a revolving loan so that they can pay their employees or get products during tough times. You have to make it attractive in just this industry with no capital in it and a high tax burden, it's just not attractive right now to the small businessmen. Again, there are ways to do that by reducing the tax burden. But again for me, the established operators have a real incentive in the state. I mean cultivators have an incentive to get more dispensaries open. You got to tie those together with social equity. Have us help those social equity stores get open quickly and make sure that they're economically viable. We've been working on this for a long time. We have a lot of technology, tools, trades. Unfortunately you can't buy a lot of stuff off the shelf in this industry because a lot of the bigger, the Microsofts, etcetera have trouble working with us because we're still federally illegal. So we've developed a lot of the technology, a lot of the know how, and if we share that with new small operators, we can make them successful.

Rep. Twardzik

Appreciate the input. And again, as you mentioned, it's still federally illegal and perhaps that would be something we should just wait till the federal government decides what path to take, then it makes it simpler for us to have to proceed. But right now, we're bucking the

system and, you know, there's just so much trouble ahead with this product. And again, I know there's an awful lot of money to be made, but when we reviewed earlier, I guess Shelley spoke about the profits that come in and the tax money that comes available. It just I don't think there's enough money. Illinois, they talked about would be a good model for Pennsylvania where they made $80,000,000 in tax revenue in a quarter. Well, times four is $320,000,000 and, you know, we were able to pass a bill unanimously here for the tobacco settlement, which brings $350 plus million dollars each year to the state to take care of the health issues that are caused by tobacco products and do some cessation and help people with disabilities, that's just not enough money for all the trouble that's gonna be caused by this new business. Thank you.

Rep. Krajewski

Thank you, Rep. Next, we will hear from representative Venkat who is online.

Rep. Khan

Thank you, Chair Krajewski, and thank you to the testifiers. I actually had two questions. The first one is for Ms. Edgerton. Your comment about not allowing localities to opt out. We do not have a very well developed referendum process in Pennsylvania and I would be concerned that without a more robust opt out that businesses will start their product dispensaries and the like, and that communities that wish to opt out will be doing so after the fact. So my question is, how would that work in Pennsylvania given the specific issues we face with the referenda?

Ms. Shelley Edgerton

Thank you, representative. I'm not, as familiar with Pennsylvania as I am, with Michigan. And I I do think that probably would quote. It probably creates somewhat of a problem. I think what's unfortunate is you could potentially have medical operators right now that are operating in locales and think that by doing an adult use, it's changing the dynamic of the operator right now that's located there. And it's not. Adult use is cannabis in the supply chain. It moves forward depending on whether it's adult use or medical in terms of test and tax. That's in a lot of ways the difference. So it would create hardship. I don't think that we've seen, at least I haven't seen any court cases where somebody else has been established, been operating in a municipality and then all of a sudden the municipality repeals their ordinance or repeals their opt in. And what does that do to the business? I

have not seen any court cases if the business has challenged that in terms of either going on their own in terms of a referendum, which you've indicated is not a great process here in Pennsylvania. But also do they pursue that in court as an eminent domain kind of a takings thing that they're no longer there? I don't know if my panels, if you guys have seen anything.

Mr. Steve Riley

We think, well, I think having a local taxes or a portion of the tax attributed to the municipality is not a bad idea. We've seen that in Massachusetts, other places and it encourages those municipalities to want to have the industry there but the reality too is that they're the ones dealing with a lot of if there's any negative or perceived negative, they're hosting the dispensary. So, it makes a lot of sense that they would get a portion of the revenue. So, we we would advocate for that.

Rep. Khan

Alright, and then the second question I had has to do with taxation. If I'm understanding the written testimony that was submitted correctly under the medical marijuana program, there is some type of tax exemption. I'll put on my hat as a physician to say that I am gravely concerned about the medical marijuana program, that there's been a lot of non evidence based prescribing of marijuana for dubious medical purposes compared to what the evidence shows. And if we legalize and there is taxation on the legal adult use side and there is tax exemption on the medical side, what is to stop a flood into the medical market in order to avoid taxation and the complications that would go along with that and are there any other models in other states that would allow us to address that?

Mr. Steve Riley

I was gonna suggest Massachusetts as a model because they have a 20% tax and there's no tax on the on the medical side. We expected that Massachusetts that there would be an influx of folks from the the medical market that would come in. I'm sorry from the adult use market that would come into the medical market with that 20% discount essentially looking at it as a discount card.

The reality is that we're not seeing that for a couple reasons. I think one is that folks don't want to have to go through the process to get a medical registration. Two, the price is compressed to the point where the 20% discount doesn't really mean as much. And three,

people are willing to shop for convenience. So if it's ten minutes to an adult use dispensary, they'd rather pay 20% on a cheaper product than drive an extra twenty minutes to the medical dispensary and pay no tax. So that's just our experience in that state.

Ms. Shelley Edgerton

Representative, I think you'll see across the board when states enter to the adult use program, most medical programs has a dwindling patient count. Most in a lot of many states as we've seen from history or many programs that have started, the Colorado's, Washington's and Oregon's. Their medical programs have dwindled significantly as more and more people just take advantage of the adult use market rather going through the requirements to get a medical card. Whether it be cost from the state, whether it's registration, having that relationship with a physician to assign it. And also maybe they have other conditions that are not necessarily listed in the medical side that qualifies an individual for a medical card. Most states have seen a significant drop in their medical programs. So the tax is not necessarily making a difference for them.

Mr. John Sullivan

I'll just say briefly to that. I hope the medical program in this state grows. And I say that because this state did the best job hands down with a medical program. And I'll tell you why. You connected us with research institutions, I know you're gonna hear about that later today, that are doing some phenomenal work. We are doing groundbreaking stuff at Temple University and I appreciate representative calling out that medical cannabis in the past with recommendations or prescriptions or whatever you call them, certainly there has been abuse. And I think we need to do a better job and continue to do a better job. And I hope the research institutions here can do a better job of educating doctors throughout the Commonwealth about the benefits of medical cannabis and those treatments where it's most effective. I think it is undeniable for seizures, for pain, for nausea. I mean there are a whole host of medical issues where cannabis is absolutely critical.

My niece has Crohn's. It is the only thing that puts her Crohn's in remission. She's had the surgery. She's been on Remicade. The fact of the matter is I hope we strengthen the medical program here. I hope these research institutions continue to do the groundbreaking work that they do, and then the medical program, does well here. That said, all of the evidence in every state, no matter what the tax rate is, medical card conversions

slow down, people leave the medical cannabis program. I'm hoping that Pennsylvania can be the one state that turns the tide on that.

Rep. Khan

Thank you. That's very illuminating that this has not been a problem in other jurisdictions. So thank you.

Rep. Krajewski

Thank you, rep. For the sake of keeping on time since we do have three other panels, we're gonna keep the next couple questions to subcommittee members. So we will hear from representative Boyd, representative Otten, and we'll have closing questions, comments from Rep Schemel and myself.

Rep. Boyd

Thank you chair. And I'm really excited I was really excited to walk in. Sorry I was late to miss Egerton's testimony because I'm a Michigander myself and our accent your accent was very warm to my ears. But I what I was interested in was you actually were starting to touch on it there, and I just wonder if I could ask you a little bit more about this. How do we make these distinctions between medical marijuana and adult use cannabis? Obviously, we're trying we wanna limit what looks like pretty packaging or or attractive packaging because of chil---you know, the what we don't want it to look fun and pretty for children. But we also want to make sure that there's a distinction between adult use and medical use, and people aren't just self medicating, if you will, with adult use. Is there--do you have any recommendations, I guess, on potency limits or, you know, packaging? And, I know we're trying to be quick, but do you have any protections for growers in Pennsylvania once this is national?

Mr. Steve Riley

I'll take the commerce clause part. So, I mean I think the only way that we would see interstate commerce is either through comprehensive legislation in Washington which is unlikely. They don't seem to get much done. That's a big bill. I think more likely you might see it arise courts through a dormant commerce clause argument. You've seen some of that. I think there's a split right now in the first and ninth circuits. I think that's potentially an issue you could see it at the Supreme Court. So I think in terms of real interstate commerce it could be extremely damaging to the market here in Pennsylvania. All these states have their own ecosystems, their own supply and demand. I look at our facility in Shamokin Dam, there's just no chance that we could compete with cannabis grown outside in California or Florida. We would 100% need to close that facility. At the federal level, passing legislation I think is difficult. I think it's a local issue.

You know, for us in Western Massachusetts, our representative was a former chair of ways and means in Washington and we've been very explicit in explaining to him what would happen if in fact interstate commerce were to to occur. So I think you've got a lot of folks in those districts that are careful about it. He's got a lot of employees, lot of tax revenue, and a lot of companies in his district. We're trying to get that message out there that interstate commerce could be very harmful. But I think the bigger risk is it arises through the courts.

Ms. Edgerton

I think representative when you mentioned the packaging, I think the medical packaging here in Pennsylvania is very stringent as well as most states. I mean you want to protect again for the health and safety and welfare of the patient consuming. Especially against children receiving it or the look alikes. And I think the regulations already speak to that. Moving those same similar regulations into the adult use market is what you would recommend in terms of a smoother transition. All licensees or operators are familiar with it. We know the requirements of what we need to do.

Potency caps are always an issue of discussion. And a number of states have limited the level of potency that's allowed to be sold in the adult use market. Not necessarily limit that just for the medical patients. And that's really where you start to get the distinctions in. And how it's tracked or the taxes that are at the point of sale.

Mr. John Sullivan

I'll just say quickly, hopefully the federal government will lean in on exactly that protecting growers. But more importantly protecting every state program. Some states have done this

very poorly and some states have done this very well. And there's a whole mix in between and the federal government needs to realize I mean there's things right now that are in Congress such as the States Act which gets kind of close to that where it's like basically if you have a state cannabis program it should stay in the state, it should be controlled by the state. The federal government can do that, hopefully they'll get there.

On potency limits etcetera, I think we have packaging limits. We have amounts of THC that we can put into packaging throughout the country on edibles and items like that. Right now the gas station industry, like I walked in and saw a six thousand milligram edible package the other day. We can't put more than 100. Right. So there are reasonable limitations that can be put on things and happy to continue that conversation for sure.

Rep. Krajewski

Thank you. Representative Friel-Otten.

Rep. Friel-Otten

Thank you chairman. Thank you everyone. I'm sorry that I walked in a little bit late. I did catch up on reading your testimony, so thank you for providing that. My professional background before the legislature was in hospitality very for a very large period of time, the beer industry, and I worked in the craft beer industry. So, I look at this issue from that perspective and think about the systems that we have in place to regulate beer, craft beer, self distribution, and liquor and wine in Pennsylvania, and how the systems that we already have and then and then you look at the medical system that we have in Pennsylvania for cannabis. And so I'm often kind of thinking about those three, four areas and how we best plug this in, you know, kind of learning from all of those different models.

Do you have thoughts on, the conversation has taken place, does this get regulated through the PLCB instead of through the Department of Health? Looking at the PLCB distribution center model going to their primary headquarters where they're they're managing the products incoming into the state for liquor and wine, that could work. But then does the liquor store model work? Maybe not because the products are different. As a former marketing director, I understand that. I understand the consumer base is different. And so is there a way to plug this industry into systems that already exist or utilize what we know from those systems to, be successful at implementing this in a way that works for business, that works for consumers, and that makes cannabis a marketable product that

we control from children having use. And I also worry about those gas station products. I see them all the time. As a parent it concerns me and getting control over that as well.

Mr. Steve Riley

Well I think that the quickest way to do that is to use your medical program to quickly, you already have channels that exist, you already have dispensaries, they're already selling through those stores, distribution channels. I think if you were to try to kind of attach that to the to piggyback say for example on the liquor system and I'm not completely familiar with the Pennsylvania liquor system. I do have experience in licensing and liquor but not in this state. I think what you're gonna do is slow it down and from the testimony here I think it's critically important or we've relayed it's critically important to once you legalize have an opportunity for people to purchase in the legal market. I think if you were to try to implement this onto some other kind of system it would slow down that process and leave opportunities for the illicit market. So I think it would be a mistake.

Ms. Shelley Edgerton

I would definitely advocate against going through the liquor system. I also regulated that in Michigan. But the cannabis industry as a whole is a unique opportunity and you already have the framework, the licensing framework through the Medical Facility Licensing Act. So I think that it's important to utilize that already transition into the adult use market without adding that additional layer of having alcohol stores, the distribution centers. Basically get up to speed in terms of the cannabis industry as a whole. You have a framework already available and I think it's important to utilize that. And having that independent regulatory agency on its own to regulate this industry, is critical function where you can turn policy and considerations and issues more quickly than trying to navigate through the liquor system. I'm not as familiar with it, but I do think it will definitely slow everything down. And that tends to drive the illicit market. More so we've seen that in a variety of areas and other states.

Rep. Friel-Otten

Can I ask a clarifying question to that? Sure. So what you're saying makes sense in terms of getting this up to speed quickly, but I worry that the Department of Health it's not a consumer regulatory agency. The Department of Health's responsibilities are much different and then does that bog down the Department of Health with something that

they're not qualified necessarily to handle and that they certainly aren't a tax generating, revenue generating system at all. I don't know that they have that skill set there either and so I wonder if, I understand what you're saying but I also wonder if that creates other issues that we may have concerns about.

Ms. Shelley Edgerton

Representative, I would agree with you. I mean that's not really the focus of a department of health. I understand because it's medical, medical marijuana, you know, made a logical transition to be housed under that but I think what you've seen in other states and I think what's been critical is they've created their own independent agency. It's not to say that the Department of Health doesn't have input because certainly there's public health advisories, there's connection with the substance abuse, mental health, all of that thing that can go into working together in terms of the cannabis industry. But I think also it's just highly important to have that specialty regulated. Just like alcohol, just like tobacco. Everybody has their own individual licensing platform, licensing framework. Those are the kind of things that are important for the cannabis industry to kind of streamline that. I think Department of Health can be a great partner, but I would not necessarily agree that they are the right people, the right agency to direct this. They don't have the commercial or thought like the alcohol industry.

Rep. Krajewski

Thank you. Next we will hear from representative Schemel for closing questions or remarks.

Rep. Schemel

Thank you. Thank you to the testifiers. You all certainly represent the industry that you work or own very well. These are somewhat familiar arguments to me. I remember nine years ago when I think maybe some of you, but at least your industries, your companies were advocating for the medical marijuana product to be legalized, which we made a choice to do at that time. We heard many of the same arguments that we're hearing today. Yet despite that nine years later, we have no research, no equity, no change in the illicit market.

And interestingly, none of the three of you wanted to answer the question as to what you thought the THC or potency limits should be. Thank you.

Rep. Krajewski

Alright. Thank you. I have a couple questions which I'll ask at the same time just for the sake of time. So one thing we've heard a lot in this testimony, in previous hearings, is the importance of a strong regulatory body. And so I'm curious about if you all have any thoughts about the composition of that body because I think it's very important exactly who sits on a commission that is regulating this industry, where do they come from, what is their expertise, and additionally how do we ensure that community voices that have been impacted by past criminalization are also represented in a regulatory body.

And then secondly, you've heard a lot about the horror story that is New York and its process of legalization and you have even heard it in your testimony. So just for the sake, think for giving us really a bit of a high level overview of what you see are the problems with that rollout. If you could just speak to what you see as some of the major problems of our neighboring state and their rollout of legalization and how you believe Pennsylvania could learn from some of those mistakes.

Ms. Shelley Edgerton

I won't necessarily speak to New York so much as John probably has more familiarity with it. But I will speak to the body itself, the agency itself. Mean within that framework you definitely want to have, and I could set up a division right now, could do an organizational chart for you. You want a licensing area, you want an enforcement area. But you also want to establish your social equity applicant, whether it be an office within independent agency itself or that they are a mid level administration with responsibility to the executive director that creates the program and runs the program. But you're also creating that consistency across the board so that the medical program and an adult use program work together. There's synergy there so you're not duplicating efforts, you're not having redundancies, you're not having one hand not knowing what the other hand is. From that perspective, I think you can create that. The real question will be do you create a commission, governor appointees, members, recommendations from the House and Senate that are appointed to kind of oversee the executive director that gets appointed. That's critical because the commission itself can house policy, they can hold public hearings, town halls, get a lot of input that they can then share with the executive director.

I do think it's important to have an executive director and somebody that's empowered to make decisions. To do things that can respond quickly versus waiting to have the legislature react to something. Because I think you probably all know, I worked in the legislature, sometimes bills don't move quickly. And when you're trying to respond quickly to an emergency or a situation that's arisen and we would definitely see this as John phrased it, the gas station cannabis field. You want the ability to react. That's what I would recommend.

Mr. John Sullivan

Mr. Chairman, thank you. Again, I think the key issue is to get all parts of the industry to work together. The advocates should have a position on the board, no doubt. Industry members should have a position on that board, there's no question. There should be probably somebody who has experience in the alcohol industry. There should also be somebody from the Department of Health who understands the medical side because you can't really separate out any of these things. I agree there should be a strong executive director because there are times for businesses to be conducted. You need to get quick decisions. But all of those voices are critical because it is a unique opportunity and cannabis in my estimation is still a great opportunity in this country as we realize a lot of the failed policies or at least I think we can all agree an end to the war on cannabis has happened in this country. Over 50% of The United States now has access to adult use cannabis. That part of it, but what we do with it, what we do with the tax revenues, where those go to help those communities that are most impacted by the war on drugs, I mean those decisions have to be made, how they're used, what organizations those tax dollars go to. I think that needs to be a critical part to it. And also the advocate voice along with the industry in figuring out the quickest and best path to getting minority ownership and minority businesses open in the Commonwealth is absolutely critical. Again, these groups can't do it alone. Nobody can do it alone, right? This is an ecosystem that needs to work together. And I can tell you the operators, and I think many of the advocates are ready to do that with the right system in place.

As far as New York goes, I mean, the one thing I would recommend is make the possession of cannabis legal on the same day that you launch adult use sales. Right? What we had in New York was they decriminalized cannabis and you had three years essentially of illicit stores opening up because there was nothing law enforcement could do about it. Right? So if you're gonna do an adult use program the day you have the first sales, however they

happen, that's the day you take the criminal off. Otherwise you get guys selling pizzas for $100 and you get your free eighth of cannabis. You don't want to go down that road. It can be an absolute regulatory disaster and nightmare for law enforcement. So that's number one.

Number two, start the program as quickly as possible. Again, three years delay. Just causes so many problems. Things just get worse. Inertia gets worse. You try, you know, It's got to happen quickly and again but you need a strong ED, you need the right board to make that happen. But thank you, Chairman.

Mr. John Sullivan

We're not in New York. I can only speak to why we're not there. When we looked at the law in New York and we looked at the program they were implementing, us there's a balance between a state creating a new industry and standing it up and then satisfying constituencies in a bill. And in New York what we looked at was a bill that was focused upon satisfying constituencies, not actually getting an industry up and running, and that's what's playing out in New York right now. It's why we didn't go there. So you have to have a balance between the two. There are certain things the program has to accomplish, but at the same time we are creating a new industry that doesn't exist. We have to keep that in mind as well.

Rep. Krajewski

Excellent. Thank you. So thank you again to Ms. Edgerton, Mr. Riley, and Mr. Sullivan for your testimony. That concludes our first panel. Next, we will be introducing our second panel, which is members of the dispensary industry. So, we will be joined by Mr. Bill Bookwalter, who is the co CEO of the Delta nine/Keystone Integrated Care, and Angela Zaydon, who is a government relations manager for Trulieve.

Mr. Bill Bookwalter

Standing up because I'm a physician. I'm a retired neurosurgeon. And I come to this in a little bit different perspective for a couple reasons. Reason number one is we are one of the few remaining dispensaries groups around. We're we're not part of the vertically integrated structure. So we're very familiar with the struggles. And the other thing is, as retired neurosurgeon, I spent decades dealing with pain problems. And I was one of the people

who early on, both in deposition and in reports, railed against narcotics in their use for pain. And I I looked around seriously to try to find alternatives that I thought could be interesting and useful, and it really led me to the cannabis industry. And with all due respect, representative Schemel, there is a lot of research that I can point to and I'm gonna touch on a couple of those things today but I have more extensive research that I've done.

When I look at adult use and I look at it from the standpoint of a dispensary owner, the first most important thing are issues related to safety. I would encourage everybody to read the HHS report I have. There's actually only 66 pages that really are the meat of the presentation. The rest of it is appendices and and the references. But it's actually very useful and very interesting and gives, I think, people who really don't understand the chemistry of what's going on, a good background to do that. And bear in mind, as a neurosurgeon, I understand the neuropharmacology and the neurophysiology and why it all works for certain types of things. So I think I'm in a very unique position to offer opinions regarding these things.

Now a very important part of medical cannabis and even recreational cannabis is you can't die from it. And the reason that you can't die from it is the c b one receptors, which is what THC activates, are not in the brainstem where the respiratory centers are. So no matter how much you take, you are not gonna have a respiratory arrest and die.

The other thing is is that the if you do overindulge the symptoms that you may experience are gonna remit in a few hours without any requirement for an antagonist or anything else. So safety is a very important thing. I actually there are papers that exist now on impairment related to driving. Enforcement has to be legislated. But if I give you those in a nutshell, is that within about four to six hours of exposure to the product, especially inhalational, your symptoms will have diminished or your inner the interaction will diminish the fact that or the point that you can actually drive safely.

There is data on physical and psychological dependence, but it's relatively mild compared to other things. I am gonna address the question regarding the California question that arose. And the adverse reactions are substantially less than other substances including alcohol. And I just will pass, or I think I mentioned this in another slide. Alcohol was specifically exempted from the Controlled Substances Act. So I have a feeling the alcohol industry played a role when the Controlled Substances Act was enacted. A regulated market is really important for consumer safety, and I will touch on that. You've heard, you know, about Delta eight, and I've got a slide regarding that. Underage consumption is going to occur no matter what the legislation is. We have legislation and laws against underage sales of alcohol to minors. There are underage drinkers all the time. So we can't change that, but if we eliminate the illicit market, we can give safe products, which people are

going to use whether you want them to or not, to be indulged upon, and hopefully reduce the risk of issues with the underage participants. And there is no question, we have very good science supporting that exposure of underage brains not only to psychotropic agents, but also to alcohol results in significant impact on their life as we go down the road. Next slide. And although, as I mentioned before, although alcohol is well known to be abused, it's explicitly exhibited from the Controlled Substances Act, it was used in the analyses that were provided in the HHS report because of its extensive availability, and it's felt to be a relatively comparable drug in terms of its interaction with humans and and with a nonmedical use of medical marijuana.

Next slide, please. The products that are containing marijuana are derived from four main sources, state authorized adult use programs, state authorized medical use programs, the illicit marketplace, which includes unregulated smoke and vape shops, gas stations, convenience stores, marijuana clubs and lounges, person to person sales and illicit cultivation. And then home cultivation is a relatively smaller part of that.

Next slide. The economic impact on the regulated market from the unregulated cannabis sources for both non medical and medical use has really impacted us as an independent dispensary significantly. We saw a decline in our sales as there was the proliferation of the vertically integrated companies, but we've really been hit by Delta eight. And the and the other problem is you can drive down Bigelow Boulevard in Pittsburgh, and there's a sign medical cannabis without the card. We can't advertise. They can advertise. They can advertise that they have medical cannabis products. We can't do any of that. And so our hands are tied. And as well, we have no vehicle to make the public aware of the dangers that are associated with delta eight. We have no ability to make the public aware of the fact that the people from whom they are getting information to these places do not understand the interactions of the drug. I would also mention that delta eight research is lacking. There are other compounds that have been loosely talked to, t h c o delta ten is another one that's coming out. And really, it's very simple organic chemistry to take CBD and make any of a number of cannabinoids.

Now the other thing that's really important, and I think as we go through this process, and it's beyond the this particular venue, But you have to understand the interactions of all the things that are going on in the plant. And so for example, CBD moderates some of the impact of THC on the individual, and the ratios of THC and CBD are very important as well. We're understanding that other cannabinoids like CBN and CBD are playing a bigger role in how people elicit or if are are or are impacted. And and the other part of the delta eight thing is, and I have a slide for that, is lack of processes supervision laboratory control and

testing means that you have no awareness of what the real dosing is. So again, this is researched.

The left hand slide deals with JAMA reported assay of CBD gummies with melatonin. And the takeaway point is eighty eight percent were inaccurately labeled. For melatonin specifically, the actual dose ranged from seventy four percent of what was on the label to 478% of what was on the label. Can you imagine getting ibuprofen that you think is two hundred milligrams and it's almost five times that? Or can you imagine going in and getting a beer with five times the alcohol? We are not regulating this, and this poses a significant public health risk. CBD was actually a little bit better. It was only about a hundred and four to a 18% of what was actually on the label. Delta eight, there was a very nice paper that looked at how delta of the delta eight products that were in the market. They assayed them with gas chromatography, and there were potentially unsafe household chemicals in all of them and up to 30 non delta eight products within those cartridges.

And finally, have some poison control data from January 1 when they first made delta eight part of the poison control thing to 02/28/2022, and you can read the numbers for yourselves. But there were a lot of unintentional. Eighty two percent of the pediatrics exposures were unintentional. And so let's think about for a moment the left hand side, and you have a parent whose kid doesn't sleep and they give them a CBD laced or melatonin laced CBD gummy. Maybe they're getting the right amount, maybe they're getting way too much.

Next slide, please. With regard to underage use, the youth risks behavioral surveillance system identified that at least twenty percent during their time period of observation of students between the ninth and twelfth grade actually reported using marijuana at least once in the previous month. Previous month alcohol use by high school students was twenty nine percent in 02/2019, greater than that of marijuana use. And the past month prescription opioid misuse was seventeen percent in 02/2019.

Next slide. And there actually was a very nice paper that again showed up in the JAMA network regarding does the passage of medical and recreational marijuana law affect increase in teenage use? And the answer is no. And the reason it's no is because they're already getting it from the illicit market anyway. And especially now, there actually was a paper, and I'm trying to run down the the the actual source paper for it. But an article mentioning that increasingly teens are moving to Delta eight as an accessible product and giving up medical marijuana and recreational marijuana.

Next slide, please. With regard to psychotic episodes for marijuana, and I I lawyers have a really great term. I don't know the facts of the case in California. But what I would say is

with regard to psychotic episodes related to marijuana and especially THC, there are a couple things we know for sure. I didn't include this paper in my citations today, but there is a paper published in Lancet that looked at the incidence of psychosis and especially with regard to people in bipolar with bipolar disorder and schizophrenia. And it turns out those are both heritable disorders. So if you are in a family that has that heritable characteristic, you do have a higher risk of having an episode of psychotic behavior with THC exposure. So if you have that family you are probably not someone who should who should be using.

And and actually the interesting thing about the case in California that sort of flies in the face of all this is that again, another paper published in Lancet looked at the day it turns out that it's the daily use of cannabis in addition to high potency cannabis that actually increases your risk of a psychotic event. The other thing that's very interesting about this paper, and I think it's a weakness, first of all, they don't identify whether it was listed or illicit market from which the product was obtained. The second thing is they did note that starting use at a young age played a role, but the information this was not validated by blood, urine, or hair samples. They did not test the product, so we don't know to the degree there were contaminants present in these in what these people were using.

I also wanna mention that if we look at the real number, there were forty five point seven cases in London per hundred thousand. That is point zero four five seven percent. It's a very small number. And in Amsterdam, it was thirty seven point nine. So point zero three seven nine percent.

Next slide, please. So when we look at the benefit of an adult, a controlled adult use market, I think it's really imperative that we think about this in terms of providing safety of products that are available in the market, and that we undermine the illicit market with products of known providence. And and I think this goes to how do we administer this type of an industry. And I would argue that it requires a cannabis control board. We need people who are very knowledgeable. The remarks I've heard today are, oh, what about THC? Or, you know, it's kind of similar to alcohol. But it's understanding the interplay of all the constituents of the plant. It's really understanding the diagnosis. If you go into a state store today, if they were selling medical cannabis, and you said, oh, by the way, I'm on tricyclic antidepressants. Can I have some medical marijuana or can I have some marijuana, please? The answer is, if you were seeing our pharmacist, no. This is not a good choice for you because it increases the bioavailability of your antidepressant agent. Or if you're on Coumadin, it thins your blood more. So when you walk into a pure retail environment, you're putting these people at a disadvantage because their assumption is that is safe.

So I would implore everybody to think more along the lines of getting rid of the don't you can't get rid of it. What we have to do is we have to control, monitor, and test all of the

cannabinoids that are come gonna come down the pike. I guarantee you that there's gonna be delta ten in the marketplace before too long. If there's any benefit from a delta two or a delta three, I guarantee you're going to see that. So we need everything in one bucket so that we can control, test, and make sure that it's pure, and we can understand the events. And I think as a dispensary owner, what we need is we need to get rid of the competition that's posed by the illicit market. They can beat us on price every day of the week.

Rep. Krajewski

Mister Bookwalter, does that conclude your remarks?

Mr. Bill Bookwalter

Yes.

Rep. Krajewski

Alright. Thank you. Next we'll hear from miss Zaydon. Thank you.

Ms. Angela Zaydon

Can you hear me or do I have to turn this on? There we go. Good morning. I am Angela Zaydon, the government relations manager for True Leaf And we are vertically integrated cannabis company and multi state operator in The United States. We currently have a 92 retail dispensaries and we are operating in nine states with several dispensaries, cultivation, and processing facilities in Pennsylvania. Our experience in those other states, really gives us the ability to offer suggestions and comments to lawmakers and regulators so that they are aware of the best practices, in other states. And as we have heard today, it seems that Maryland seems to be the winner and New York is not the winner on these. But based on our experience in other adult use markets, we believe that Pennsylvania truly has the opportunity to create a robust adult use market that's business friendly, retains the medical patients and the medical market, and generates tax revenue for the commonwealth.

The infrastructure is important as you've already heard a little bit of before, but currently, Pennsylvania has a 177 dispensaries across 59 counties and more to come online with the most recent changes in the law at the end of last year. There's been a discussion lately about underserved counties, and the adult use implementation has the opportunity, if

done right, to address those areas. The current dispensary infrastructure is the best way to add an adult use market safely and swiftly. It-- cannabis should only be sold in dispensaries that are licensed and regulated throughout the commonwealth, And that is in in step with the delta eight, delta nine that you've just heard about that is currently just about everywhere.

In addition, all in the industry currently has security in place for the transportation of cannabis. We have secure buildings, secure vaults, and for the product storage. In addition, all employees undergo rigorous background checks and training and have extensive product knowledge. As my colleague here had referenced with walking into a current state store and asking for that knowledgeable expertise on what would mix with other agents or drugs or alcohol that the person is currently on. And we have that ability, and currently have the pharmacists in place to be able to help the patient and or the adult use consumer understand what they're looking for.

We provide customized personal and knowledgeable patient and consumer experiences in our dispensaries every day. As far as the regulatory oversight, the commonwealth should establish a new and independent regulatory body to bring the focused oversight to the regulated adult use and medical program. The regular regulatory body should be independent from any current administrative agency and should include one or more industry representatives with experience operating a cannabis business in a strictly regulated cannabis program. Both the medical program and the adult use program should be regulated under this one board or commission, enabling the regulatory body to be consistent in rules and regulations across all aspects related to cannabis. To build a a robust adult use market, the industry needs clear cut regulations, timely decisions, and guidance instead of abstinence from the body that regulates them. This also provides consistency for consumers and patients alike.

As you've heard before, the first and most important part of an adult use implementation is the time between passage of legislation and the actual adult use sales date. The narrower the time frame, the less opportunity for the illicit market to grow. In Maryland, they used ninety days enactment, and we believe that that was a good time frame. The state should establish a legal access point for adult adults 21 and over by grandfathering all the current medical, grower processors and industry, dispensaries and operators into this market. Allowing current operators the ability to operate within ninety days as a matter of law will allow the Commonwealth to curb illegal activity and generate tax revenue quickly, capturing the illicit market sales as well.

The state of Maryland, again, is an excellent example of a successful transition. They had regulations in place shortly after the law passed. They communicated extensively with the

industry. They secured a method for payments and issuance of adult use licenses, and for the adult use sales to begin, exactly ninety days after the enactment of law. Maryland saw nearly double the expected tax revenue within the first three months and again at six months after implementation due to their expedited yet thoughtful and reasonable transition.

As far as business practices, there should be no artificial distinctions made between medical and adult use products. In all cases, these products are made and tested to the same standards. The only distinction between medical and adult use should exist at the point of retail sale, where the purchaser is either verified with a current medical card, or they are or they show a government issued identification. No other distinctions should be made other than at the point of sale. There should be no different entrances, obstacles, checkout lines, hours of operation that would differentiate or single out a patient from an adult use consumer. Historically, medical patients have not been negatively affected by adult use sales. We have seen the medical programs continue to be successful and operate after adult use goes online. Of course, we do believe that medical patients should continue to enjoy a zero sales tax policy. And again, this would only be recognized at the point of sale and only on the back end.

All cannabis products should be cultivated, manufactured, and distributed in the same way throughout the same supply chain. In addition, cannabis businesses should be treated the same as any other business as we've heard earlier with the February, tax deductions and allowances. Normal business practices should be allowed such as advertising, tax code allowances, and consumer marketing and sales such as loyalty rewards, point programs that are internally and individual to each cannabis company. In addition to merchandise, see a Bud Light cap or, you know, you should be allowed to purchase that those products if you would so choose as a consumer.

And as far as local governments, I know we touched on this a little bit earlier, but local municipalities should not be able to opt out completely, especially with currently licensed facilities. So, if you are currently a medical dispensary, that should be able if it's already in that local municipality, to flip automatically to selling adult use sales as well. This reduces the illicit market, and they the local municipality should also be be cautioned not to try to purposely delay in the open date for sales for adult use for adult use sales.

These are so far the key components, and I think we've heard those over and over again, that truly make for a good adult use market. And we do have some states that we can look to and lean on for both the good and the bad when when constructing and and making the laws and the regulations. We certainly look forward to working with all of you throughout

this process. I know it's been a lengthy one that we've been discussing for years and hopefully won't be too much longer as we move into 2024. Thank you.

Rep. Krajewski

Thank you both for your testimony. We will now open it up for questions from members. We'll hear from representative Frankel followed by representative Rapp.

Rep. Frankel

Thank you, chair, and thank you to our testifiers. We've heard from you in prior panel, and I agree that, you know, you need to be able to once the legislation passes, you need to go live in a rapid period of ninety days. Now are grower processors in a position to basically provide the product, if you did that kind of rapid turnaround?

Ms. Angela Zaydon

I don't want to speak. I know that the grower processors were just on, but yes, we are able to ramp up, and have that that product ready to go. As we had said before, there is not a lot of difference, if any, in the actual plants themselves, the way they're grown, the spaces that they are grown in, and as far as the chain of transportation and all that, those processes are already in place. So ramping up as long as we know a date that we are looking forward to, then we are able to appropriately and accommodate the need.

Rep. Frankel

And one other quick question. We've heard a lot about concern about having access to dispensaries in underserved areas. What tools would you suggest for encouraging that?

Ms. Angela Zaydon

You mean as far as making sure that there's appropriate adult use? I think that, you know, the old saying, if you build it, they will come. And I think in a in a lot of those areas, if they are underserved, when you bring adult use online, it's obviously extending to the number of people that you will be able to sell to. And at this point, if there's out of the population, if a certain percentage is medical, obviously when you bring adult use online, there are more

people that will use it. Therefore, it would make sense for some of the companies to go into those areas. And that helps the medical market as well, because now the medical patients do have an establishment that's closer to them and don't have to drive as far. So I think that's the main goal there.

Rep. Krajewski

Thank you. Representative Rapp.

Rep. Rapp

Thank you, mister chairman. I, as I listen to your testimony, and thank you for your testimony and for being here today, I am one who is opposed to legalization of marijuana. And we're seeing a trend now, you know one state Colorado was big in legalizing and then other states have obviously followed. Now Pennsylvania, I'm sure the governor is gonna have a big push tomorrow and probably will have a plan on what he wants to spend revenue on for marijuana. But now we're seeing states like Oregon, not just legalizing marijuana, but now since they've legalized marijuana, now they're gonna legalize fentanyl, which is a huge crisis-- It's flooding our country from the open border. And, they're legalizing meth. And surprisingly now, the government is alarmed because they're starting to see all these overdoses in Portland, Oregon. And one of the leaders in the community said, you know, just five minutes ago I saw somebody obviously overdosing on a drug.

So I know we're looking at today, tomorrow for legalization of marijuana. But I think it behooves us to start looking at other states that are legalizing and then seeing what now is possibly trending as one state legalizes not just marijuana, but instead of wanting law enforcement and the expense of law enforcement and drug task forces to fight the consumption of illegal drugs. It's much easier just to say let's just make it legal and then we won't have this problem having to spend money on our law enforcement and drug task forces and canine drug dogs to go after drug dealers.

And I disagree with you, sir, as far as the potency of THC. I'm not a neurosurgeon and I'm not a medical doctor or nurse. But we have a colleague in the house who a family member died and he attributes that to the use of marijuana. And he died from drug overdose. So I'm not questioning your credentials or anything like that. I just, in my opinion, I'm disagreeing

with you that marijuana does not cause medical harm, whether it's potential harm to your lungs, just like cigarettes, or any other drug. I think there is a medical and health safety, and I remain extremely concerned about our young people in this state and across our nation. And I know there's many people sitting out here who totally disagree with me, but I do think that obviously the federal government is not jumping on board immediately to legalize marijuana. We may see that happen down the road. But I think as we watch other states and we see what's going on in Oregon now, and it bothers me when I know of a county in my home area that has marshals in now because of the drugs in communities and in the county trying to fight the drugs and the and the everything that's involved with drugs in the communities. Our law enforcement fighting that and we're sitting here today. It's and I was just with some law enforcement in my community just last week. And they're extremely concerned about the road that this body is going down for legalization. Because they see it on a daily basis and they are extremely concerned. I am a big supporter of law enforcement by the way and what they do daily to try and curb the use of illegal and drugs in our communities.

And I do believe that municipalities should be able to opt out. I do not believe that if municipalities are seeing crimes because of drug use, that those municipalities should just sit back and say, well, we're just going to allow you continue doing what you're doing when they see the negative effects on our populations in our communities. So I am supportive of an opt out. I have no idea what the bill is going to look like once it's finally in print. But I think not giving municipalities or already bringing in other entities from the federal government and state government that we-- because of drugs in communities that we should not allow those municipalities to opt out. But thank you for your testimony. I appreciate you being here and hearing what you have to say.

Rep. Krajewski

Thank you, chairwoman. Next, we will hear from representative Otten.

Rep. Friel-Otten

Thank you, chairman. I think it's really important to correct misunderstandings about substance use disorders and the use of cannabis and the difference between states that are decriminalizing substance use disorders instead of putting incarcerating people who have substance use disorders, working to treat people who have substance use disorders, and legalization of recreational marijuana. There's a big difference between those two things and I think it's really important that we're all speaking on a basis of truth and fact.

My question for the panel is based on if we did go to an adult use model, what would the need be for a medical system beyond that with the exception of, users that may be under the age of 21? And then with that, what kind of patient education, labeling, pharmacy controls would we want? So I'm thinking about some of the conditions that you spoke about that would have interactions with cannabis or medications. A lot of people who are on, antidepressant medications also should not use alcohol. And when you get an antidepressant medication at the pharmacy there's a label that says that this drug may interact with alcohol and alcohol use is counter indicated for this medication.

So what recommendations do you have in terms is there a need for a medical system once adult use is legalized? And then what other things need to be in place to help with good patient education so that folks who should not be using THC products or alcohol products with their medications have that information and are educated properly to ensure their safety?

Mr. Bill Bookwalter

Actually, absolutely, we should continue to have a medical system in place. And there are a couple very specific reasons. First, the medical community as a whole has completely ignored cannabis as an option. That was not historically true, and in fact cannabis extracts were used back as late as 1935. So we have to understand that it's not novel to think of it as a potential medication. Now the difference for the medical community is really very simple. So if I prescribe gabapentin for somebody there's a certain dose and we start you on that dose and we see what your response is. But because there has been a lack of research within cannabis specifically, there is not that assurance. And as well there has been a significant amount hybridization. So people know there were indica strains, which made you a little more relaxed, and and sativa strains, which made you more uplifted. And in actual point of fact, lines have all blurred so much because of hybridization. So that if I make a recommendation to you for Blue Dream, which might be a pretty good analgesic and relaxing for you, you have no idea and certainly no physician does either. So that as we sit here today, there has to be somebody who can say, if you have this condition, these general things work for you. And you have to look not only at the THC content, but its ratio to the CBD content, and as well perhaps to other minor cannabinoids that we are learning more in terms of their actions and interactions within the body. It's really the endocannabinoid system which exists within all of us already and is actually stimulated by things like aerobic exercise. That's the runner's high. It's not endorphins, it's endocannabinoids. We have a lot to learn about this system.

And today, as we sit here, the medical community has largely had no interest. I've spent more time talking to attorney groups than I have the medical groups. Even though I have fairly unique set of qualifications for this specific product as a concern. So it should continue to exist. And I think it's very important that it be there as a resource. Now as well, I would hope that with the adult use bill we place a premium on continuing research, but also on continuing education. One of the single biggest impacts on underage drug and alcohol use has been the education programs we put in place, and the same has been true for tobacco. And so devoting time, money, and resource, to educating populations that may be at risk, or for whom it may be undesirable should be one of the major goals of this industry. And that's only gonna take place if it's in its own unique entity.

Rep. Krajewski

Thank you. Next we will hear from representative Twardzik.

Rep. Twardzik

Thank you for your, testimony. Doctor, quick question. Again, center for disease Control research has shown that cannabis users are more likely to suffer from temporary psychosis, long lasting mental disorders, including schizophrenia. Recent research suggests that smoking high potency marijuana every day will increase the chances of developing psychosis by five times compared to people who have never used marijuana at the National Institute of Health.

I've got a friend who's a pediatrician and she says, every day in her office she sees, mothers bring their younger children in and they're throwing up all the time. And she looks at the child and says, you know, how much pot are you smoking? And the child, of course, said, oh, none. And she says, don't lie to me. And he goes, every day. So you turn to the mother and say, if you don't want your child to throw up all day, then don't smoke marijuana. But it's just there. And again, by legalizing, it makes it even harder for people to say, well, everybody else could have it. Why do I have to wait? But I'm just trying to figure out how do we protect, you know, the population in our state. If if, the products are such high doses now, that's where it seems to be a big problem.

Mr. Bill Bookwalter

Well, think and and actually, it goes to what I was just talking about. It goes to education. So if we have and and I would I would encourage you to maybe you weren't this way in college, but, you know, I I remember in my college days often you looked at the highest potency in the alcohol that you could buy because your objective was to get drunk. It wasn't to maybe have a nice day, it was just to get drunk. So people today don't really understand that what you're trying to get out of cannabis and specifically THC may be impacted not by the highest dose you can get, but how it's presented to you in terms of its ratio to not only CBD, which I've discussed, and the minor cannabinoids, but also terpenes, and the setting in which it is presented to you. So I really feel very strongly that as we educate people, I think the vast majority of us in this room today would not prefer to have one fifty one rum, 75% alcohol, neither would we enjoy having moonshine. We prefer something that's a little more moderate in its effects and that suits the situation in which we're going to be. And cannabis is no different. It's a psychotropic, but also the caffeine you have every day is. This nicotine that people smoke, it's a psychotropic. So the issue isn't is it psychotropic, the issue is how do we protect the public. We protect the public by regulating the industry, making sure that they have a product in front of them that has known provenance, known constituents, and that they've been advised by somebody who's knowledgeable about that product and can guide them in terms of what is gonna be useful for them in their condition or what they're seeking to achieve on that day in a recreational format.

Rep. Tim Twardzik

Okay. But you you said, you know, education, which is important, but again if you have a physician giving you that card and looking at what should happen, but again in adult users nobody looking over the shoulder.

Mr. Bill Bookwalter

But actually that's one of the things. Actually, physicians don't really guide the administration of medical marijuana. They only certify whether you have the condition. That's all that takes place. From that point forward, the guidance comes from the dispensaries. People come in our dispensary. We have a pharmacist. The pharmacist looks at what their condition is, what their drugs are, and they say, these are the preparations that would be better for you. In addition, the kids that are in our back dispensary area are very knowledgeable about the product. And if somebody comes in and they say, you know, I was having a little bit of this or that with whatever it gave me last time, you look at what the

profile is and say, okay, well, maybe we need to have a different pro a different terpene profile. You might do better with mircine than you did with beta cariofaline. So we have to look at those kinds of things.

Physicians and especially certifying physicians, all they're saying is, yep, you got the problem. But nobody really wants to learn about that or invest the time. I didn't get to know about these products just because I was a brain surgeon. I mean, I got to know about these products because I took the time to learn about them and learn about the industry. But what's sadly lacking is the opportunity to educate yourself.

Rep. Tim Twardzik

Well, thank you, doctor. A follow-up. Angela, we all hear that we need to get a good regulatory agency. How long do you think it'll take to get a good regulatory agency in the state? Will it be ninety days?

Ms. Angela Zaydon

Well, I I hope so. I think that it I think that it is possible. We have seen many other states that have transitioned from one agency to another or from one agency to a newly created agency. And, I think if if it's a thoughtful process that is done in the in the law, then let's hope that it follows well. And, but, yes, I think that within ninety days or a good amount of, you know, a a set amount of time that it can be done and that records and things of that nature can be transferred and that those people can be the appropriate people can be put in place whether it is appointed by governments and legislatures or, or other areas. I think if you do it from the outset and it's, and it that I think I think it can be done.

Rep. Tim Twardzik

Okay. If you're able to share with us perhaps a good example or two that would be really helpful down the road that we find out we want to follow best practices instead of doing it shotgun.

One last question is we hear the troubles of the, vape shops and all this, illicit market that's showing up on your street corner. How do we stop that? Who should be in charge of stopping that?

Mr. Bill Bookwalter

I as we sit here today, no one seems to want to take that burden on. And there have been a couple county prosecutors that have intervened, but nobody really wants to do it. And I've actually written an op ed piece that went to the Allegheny County Medical Society and I think even was here, about Delta eight as a health emergency. It really is. And the other thing that, and I kind of see people conflating marijuana and Delta eight and issues. Bear in mind Delta eight is not being produced by a certified agency as you've heard today, neither are any of the CBD products. And oh, by the way, cannabis as a plant sucks up heavy metals, so that all the CBD products can be contaminated by heavy metals just by virtue of the way the plant works. But nobody is actually looking at this stuff, and they're just allowing it to be sold. That's why and I I don't see a solution. I've alerted the Department of Health to it. You know, I've done all the things I can do locally to try to draw attention to it. No one cares. And the issues that we're having are all because it's not regulated. And I don't see an end to this unless we have a regulating body covering all the cannabis products.

Rep. Twardzik

Thank you, doctor. Because in a prior committee hearing, we did hear about how the products they tested, maybe 60 products and 50 of them had nothing except heavy metals and trouble. And, you know, a couple had a delta eight and a couple had, THC. So it's a terrible business. And if we can as a state figure out how to regulate and put these bad actors out of business, we have no reason to go into a widespread marijuana for all process if we can't figure out how to stop bad products that are unsafe and can hurt our public in gas stations, vape stores, and convenience stores.

Mr. Bill Bookwalter

I mean, it would seem to me that the appropriate regulatory agency would be the Department of Health since this represents a potential source of poisoning for the general public. I don't see them doing anything.

Rep. Twardzik

Thank you very much for your time.

Rep. Krajewski

Thank you. We will hear from representative Khan and then closing questions and comments from rep Schemel and myself.

Rep. Khan

Thank you representative Krajewski and I want to thank you chair Krajewski and also chair Frankel for convening these hearings. I think these have been very informative and especially, very well even handed. And, you know, as a health care provider, I'm very cognizant of making sure that the regulation is there and I think these hearings have really helped to put some good ideas of when we're moving forward with cannabis, adult use, legalization, making sure that the correct guardrails are there.

So I had two questions for the the committee and there it's around jobs and revenue. A question about the revenue is that, would you be able to talk about, sort of as the other states are looking to hit the sweet spot for for taxes to make sure it's not being taxed so heavily that it draws people into the illicit market and not being taxed enough where we're not really generating the benefits here in the Commonwealth for it. What might be some advice for us as we look toward that?

And then also as someone who comes out of the union movement and someone who is a strong believer that our unions have helped build a middle class and they they're important for ensuring that we have safe working conditions that people are being paid for the work that they're doing. Can you anyone on the panel comment to what has been done in terms of unionization in the different states? Thank you so much.

Ms. Angela Zaydon

I cannot speak to the unionization. I know that we have some states that are unionized, but as far as what that would look like and how that would look like in Pennsylvania, I can certainly get you the information that that you're asking for and provide it to the committee, based on some of the experiences that we've had in other states. And I'm not sure what the other question was.

Rep. Krajewski

Rep Khan can you repeat your second question?

Rep. Khan

Sure in terms of revenue and taxing making sure that we're hitting the sweet spot in terms of taxing cannabis, adult use cannabis. What that looks like in other states and what lessons went we take as we look to tax adult use cannabis here in Pennsylvania to make sure that we're getting the revenue that our state deserves, but not pushing people into the illicit market because the the taxes are so high. And yeah. Thank you.

Ms. Angela Zaydon

I would say for starters that obviously there there is a sweet spot there. I'm not sure exactly what that is, But I would also look to other states as well. If you we we are we have a lot of border states that are already adult use, and I'm sure that we already have Pennsylvanians going over to those states. Probably wherever it is most convenient for them. I don't think that we're gonna have somebody from Pittsburgh driving all the way down to Maryland just to make that particular run. But I think that it's important to look at the border states and see how they do it and see those that are working and those that are not working, as far as the tax revenue, and then why. So why isn't it working? Is it too high? Is it placing a burden? Is it too high that it's putting the businesses, like the dispensaries out of business? Is it too high that a new small business can't start up? So where is that sweet spot? What amount of revenue are we looking to generate and also look at other states that are comparable to us. Looking comparing Pennsylvania to California would be a bad comparison. So I think that we need to look at our surrounding states just to find that. And we're happy happy to continue the industry is happy to continue to work with that and see what works and provide information on different models that we have seen work in other states.

Rep. Krajewski

Alright. Thank you. Next, we will hear from representative Schemel.

Rep. Schemel

Thank you, mister chair. Thank you both for your testimony. You certainly represent the businesses that you own or work for very well. Regard to research in Pennsylvania, Pennsylvania was unique when we passed nine years ago, medical marijuana program. Because it put a significant amount of tax, not tax dollars, but of revenue generated from the program into research. And I also recall every year as a legislator moving that revenue out of the research bucket into other budgetary issues. To what research the state has funded through our unique program has been nominal, if at all.

Interesting Dr. Bookwalter, you cited an article from JAMA indicating that there was not a link between the legalization of medical and recreational marijuana to youth use that flies in the face of actually the small amount of research that was done through Temple, which found that it was. What might be interesting to note is that the JAMA article that you cite inflated both medical and recreational marijuana, whereas Temple University and its research indicated just an indication of what happens when states legalize recreational use, which is that childhood or child use of marijuana increases.

Now there was a bill a few years ago that happened to be mine that treated pharmacies, or I should say medical dispensaries for marijuana like pharmacies, which gave a great deal more discretion on how those facilities operated. At the time we were hearing a lot of discussion from medical dispensaries that this was a necessary program that was doing well, needed to be able to utilize its services the same way that a pharmacy would. Interesting Dr. Bookwalder that in the implementation of that, one of the things coming out of my bill is the dispensaries would be able to continue the COVID practice of delivering to automobiles. And in an article in the trib, when you were remarking to the trib reporter, why there was a long line of cars outside of your dispensary. You said, well, it's the holidays and quote, everyone has a lot of fun over the holidays, in your medical dispensary program. And maybe there was a misquote, but regardless.

Alright. An interesting too, the business that you work for, Zaden, that provides medical products. As some of your highest THC products are in the premium line, such as Burberry, Lemon Lime, Lemon Scoops, Super Lemon, Strawberry Apple Watermelon, Cherry Kryptonite, Mac and Cheese, disgusting, candidly, Banana Muffins, Nectar, raspberry rain. And if I go to any pharmacy, I will find some products that have flavors such as that. They are the products that are used for children. Thank you.

Rep. Krajewski

Wanna respond?

Mr. Bill Bookwalter

Sure. I would respond very I don't get to pick the names. The names are picked by the growers. The issue in terms and as you've already heard, the packaging is not designed to be appealable to children. Neither are those things that you mentioned available necessarily in the terms of edibles. So they are they can be tinctures, they can be cartridges, they can be whole plant that can be vaporized. So those are the names that the growers put on them. We're stuck with those names. And that's why again I come back to, and I mentioned this earlier in my testimony, it's very hard to distinguish what all of those things mean, but those within industry who've taken the time to learn about the hybridization schemes can tell you very quickly whether or not those things are high THC, low THC products, what some of their terpene and and CBD ratios are just by hearing the name. So that if you were to walk into a dispensary and say, look my biggest problem is chronic pain, some of those products may not be good products for you. They might look attractive and what you see on the menu, we do try to explain what each of those products does, what their purpose is, but they may not meet your need. And so when you meet with the pharmacist, when you talk to the patient care technicians in the back, they may disavow you of some of those notions that you took away from simply reading the name of the product and the initial description.

So it brings me back to the point I was making earlier. I think this is something that belongs within the confines of a very specific place that can educate the consuming public and they can limit access. Now what happens after it leaves our door? We have no control. So my point in terms of child consumption is that's going to be the product of people selling or giving stuff to kids that they shouldn't give. They can't walk into our dispensary and buy product without a card. They can't. And that's not going to be the case with adult use either. They're going to have to show an ID, they're going to have to show that they're above 21 to be able to do that. So we can't be responsible, neither can you, for what takes place once it gets out of our control. However, what we can help is we can be sure that those products that are being sold are safe.

Rep. Krajewski

Thank you. And just to a couple comments and questions to just close out this panel. In listening to the panelists today and even in some of the previous hearings, to me, one of the most compelling arguments for legalizing cannabis adult use is actually its ability to reduce the illicit market. And many of the things that I hear as concerns around mislabeling,

around potency, around adverse health effects, irresponsible use are all due to a deregulated illicit market. And there are two realities that we have to face right now in Pennsylvania. One, that many Pennsylvanians use cannabis either recreationally or medically, and two, it is a unregulated illicit business, the business economy. And in hearing about how legalization works in other states, I see that a lot of those concerns actually can be addressed by responsible legalization and regulation.

So out of that, two questions I have for the panelists right now are how do you see those concerns being addressed through responsible legalization of adult use? And then secondly, what I've also heard a lot is the concerns around opt out for local municipalities and how that can actually stymie the ability to have a strong regulatory process. So if you could also speak about the issues of an opt out policy as well that would that would be helpful. Thank you.

Ms. Angela Zaydon

I'll go ahead on the opt out issue. If there is currently a medical dispensary, or a medical facility grower processor in a particular municipality, I don't see them opting out, although it's possible that they would want to opt out of adult use, which would be a problem if you're going to sell them under the infrastructure that we currently have, which is selling both products in one dispensary, which makes sense.

So in that, I think there's two separate issues here. There's the first one of, if there's already an establishment currently in a municipality. The other thing that we have seen that that we think is absolutely fine is the municipalities may have some regulation that says, if the law says 500 or a thousand feet from a school, a church, a daycare, a playground, if they wanna make that somewhat smaller without making it so restrictive that then you're actually opting out without opting out, That that works as well. And we have the ability to look at at, you know, at a radius map and see what we are close to. And obviously, you don't want, you know, a district. You don't want 10 dispensaries on one street. That makes sense. But I think that some of the municipalities, if if you do a complete opt out or allow them to 100% opt out, you're now looking at these deserts again. You're looking at counties that don't have it. You're looking at the same problems that you currently have that you're trying to fix. And one of those is making this product available so that the illicit market isn't there. Because I think you can all rest assured that the illicit market is there because it's there currently. So if you're trying to get rid of that, enabling them to opt out. And representative Rep, I understand that your your concerns with that. I think that there's some middle ground somewhere that we can come to that that doesn't allow a complete opt out, but

that also allows them to make the the changes and the tighter restrictions, if you will, that fits their municipality and their constituents best.

Rep. Krajewski

Oh, yes. So the first question was just, I know we hear a lot concerns about potency levels, mislabeling, adverse health effects from cannabis use, irresponsible use. And I thought could you speak to how legalization regulation could actually address those concerns?

Mr. Bill Bookwalter

I think first if we accept that our current medical program has really been very successful which I believe that it has. We have established a format to identify what the product is, what it contains, and give people advice on how it should be used. The, we are faced with a challenge of a group that markets products that have no label on them at all, are continually mislabeled, do not contain the things they're supposed to and things that they should not. And so unless we have a completely regulated system, we cannot be assured that what is on the label is what you're going to be exposed to. And I think if we looked at, and I kind of mentioned in passing, if we had a thought experiment, which was two hundred milligrams of ibuprofen could be anywhere from 100 to 1,000, that would be completely unacceptable. And so in the pharmacy context, we wouldn't allow that. We wouldn't allow that with other drugs or medications.

So I think when we looked at this as a psychotropic, which is in a way a kind of medication, whether self medicated or administered under supervision, I think we have to remember that we want to provide a very safe product that has a predictable response and minimizes the harms that someone may experience.

Rep. Krajewski

Thank you. I really appreciate that. So with that, that is going to conclude our second panel. We're going to give our members a brief break before our next panels to finish out the day. So we'll be taking a forty five minute break. So we will return at 01:05. Thank you.

Okay. Good afternoon, everyone. We're gonna get the hearing to order to start with our third panel for today. We're gonna be hearing from folks in the laboratory community. So grateful

to have them here, both attending virtually and in person to testify. We have Elisabeth Berry, who is a board member of S3 Collective and the acting executive director of the Coalition for Cannabis Scheduling Reform. We have mister Bob Miller, who's a chief science officer at ACT Labs. Doctor Daniel Niesen, laboratory director at Steep Hill, Pennsylvania slash Green Analytics, and Shannon Hoffman, is the regional director of operations and a certifying chemist at Steep Hill, Pennsylvania and Green Analytics. So we will start with, miss Barry, and we will go from there. Thank you. Who I believe is online.

Ms. Elisabeth Barry

Hello. Thank you. I appreciate you having me here today. I'm Elizabeth Barry. I'm the former chief operating officer of PSI Laboratories. We're headquartered here in Ann Arbor, Michigan with locations in California as well. I'm a board member of the S3 Collective, which is a nonprofit focused on the promotion of science, safety, standards in the cannabis industry and a founding member of the National Cannabis Laboratory Council, which is a national group of laboratories from across our country, all serving the cannabis space.

Over the past year, I've also been deeply involved in the federal rescheduling effort on behalf of a broad range of organizations with a focus on how we move our regulatory landscape forward informed by science and evidence.

Disclaimer, I am not a scientist. I'm an economist with an MBA and a graduate certificate in public health, but I'm lucky enough to have spent the last four years surrounded by the scientific community and listening and learning to what our scientists have to say about the future of cannabis testing. Over the years, I've engaged with a broad range of participants and the state markets and observed systems unfortunately that were intended to protect public health at times inadvertently promote the widespread availability of illicit products, one of the primary risks to our industry today.

And one of the things that I've found that is most important here is of all of the folks that I've had the opportunity to interact with across the country, I've found that there's more often laboratory scientists, operators, license holders, some of which I know you've heard from earlier today that are deeply committed to protecting public health, are very focused on safety and quality systems and labeling and age eating and all of the things we talk about to protect our consumers. More often than not, these folks are really deeply committed to the future of this industry. There are far easier ways to make money in this world than joining the cannabis industry. The folks that are here are certainly here out of a passion and a commitment to the future of this space. While I don't pretend to have the answers to all of the questions, I certainly hope that the perspectives I'm able to share are helpful in guiding

this committee's discussion. And in particular, I wanted to highlight five kind of key overarching learnings that I've taken away from my last handful of years.

The first one is that your laboratories are key to your market success, but they are not an arm of enforcement. This is something that I've seen unfortunately, you know, poorly in other states, but a robust quality system really requires that your laboratories are partners to your license holders. Consider, ask your drafting rules, your considering the establishment of an adult use framework, how that framework engages and enables this collaborative effort and allows your labs to help and support your license holders. And while we're not an arm of enforcement, the laboratories are most definitely a resource. So engage with them. They are going to be the first view of what's working and what's not working in your marketplace and the most well positioned to identify potential risks.

Because of this, laboratory oversight is foundational. And this isn't just ISO 17025. That's a starting place. I Think in my prepared testimony, I used an example of just because you have a contractor's license, it doesn't mean you're going to build a quality home. This is the foundation for a laboratory being able to conduct the appropriate testing, but it certainly isn't going to speak to all of the things that you need in terms of quality and compliance and operational success. I really recommend looking at things like random audits and investing in your regulatory team.

One of the, from my perspective, one of the most under utilized assets within our regulatory landscapes is the data that comes out of your seed to sale system. I certainly have heard that, you know, different systems have different levels of reliability. This is mission critical. Having a reliable seed to sale tracking system that is producing data and that you've invested in the expertise to view and analyze that data is critical. This is a window into what's happening in your market and an underutilized asset in many of our states.

And the last piece on this is really share data. I know this is hard. I certainly don't recommend calling out license holders or sharing people's names in this effort, but transparency is a collaborative effort. And that means if the state is transparent in its approach to data and its approach to allowing research institutions and others to utilize that aggregated anonymous data, your licensees are more likely to be engaged in transparent data sharing as well.

With this in mind, encourage collaboration. It's a theme that I heard from a number of folks earlier today as well. The folks that are holding licenses that are participating in your market, they know what's going on. Invite them to the table with your laboratories, make sure that you are running ideas by them. They are really well positioned to be able to identify the potential risks and the potential misuses of the rules and the regulations.

They've seen it before. Many of us have operated in multiple states and we know how the system can go right and how it can go wrong.

Invest in quality systems. So this is both rewarding your licensees investment in quality systems. This is things like R and D testing. I've seen rules that discourage R and D testing. Really the intention was to prevent people from shopping around products and looking for the results they were looking for. But what they inadvertently do is they discourage investment in quality systems. You can't bake quality into an end product. It's about testing your inputs. It's about looking at quality control measures. It's about managing your supply chain and all of those things require an active laboratory partner and active testing.

And same as with the labs, the more that the state and more that the regulatory authority is conducting regular risk assessments, the more likely you are to identify where those pressure points are. And that's really kind of my last takeaway. Having seen a market go from medical to adult use, it is an exponential growth trajectory, not a linear one. That's a good thing, but it's one to be aware of because it means that the places where you're strongest will be strong, but it means that the places where you have minor cracks or weaknesses in your regulatory structure or in your ability to enforce the rules will most definitely become amplified. The folks that are enforcing these rules in your state know where those cracks are. Your licensees know where those cracks are already. So work to help rectify those before you go live.

And the last piece I shared a few resources. I think there are a broad range of really incredible organizations across the country. I am not a Pennsylvania resident, nor am I a license holder, nor am I, you know, nor am I working for any license holder in the state of Pennsylvania, but I do work with folks across the country and I am continually impressed by the engagement from everyone from the scientific community to medical researchers, to standards organizations, really focused on how we help ensure that as states go live and ask new states come online that they're prepared and building into what's going to be a successful federal framework because we know that eventuality is something that is coming down the line. So thank you very much. I appreciate the opportunity and I hope I'm able to answer a few of your questions.

Rep. Krajewski

Alright. Thank you, miss Barry. Next, we'll hear from Bob Miller.

Mr. Bob Miller

Yeah. Thank you so much. So I really look forward to sharing with you some of my thoughts related to, laboratory testing here in the state of of, Pennsylvania. My name is Bob Miller. I have a PhD in analytical chemistry. I'm also a pharmacist. And prior to being in the cannabis space, spent thirty five years in the pharmaceutical industry as heads of quality at Johnson and Johnson, Pfizer and Gilead. What brought me to this industry is having an impact. And how do we ensure that we can get safe and effective medicines for our patients? And at the same time, the pivotal role as you just heard that we play and the seriousness we take into making sure that these products were that last step before the patient and making sure that those products are gonna be safe and effective. As the chief scientific officer of ACT Laboratories, we're in six states. We've been in Pennsylvania now for six years, so we have an extensive amount of experience there. I can share with you the goods and the bads. In my role, I do get involved with states trying to change regulations, bring in adult use. I'll be the one person who's gonna say something good about New York. I'll say that later. About something they did do well, but they've just done a ton of things not so well. But with that being said, really sharing some of the experience we've had particularly in New York, in Ohio, as you're hearing about now. We're actively involved with them as you start to roll out that program. But also states like Illinois and Michigan that have had it out there for a while now realizing how do I walk it back because some of the situations that I've that's been created may not be, able to be implemented or actually causing, problems when it was never intended to do so. I think there's three things that are really critical to the overall program.

One is a scientifically based set of regulations. I know we heard a lot of things this morning about who should be part of the team. We need scientists. We need people that I could talk to that understands the science and can relate to the science. One of the great things we had in New York, ACT Laboratories was the only lab that was approved for medical for three years. So we're the only one in town other than the state. I got great working relationship with the head of compliance. We have active conversations where he says, hey. What do you think if we're gonna put a new spec in place or we need to do new tests? What's gonna cost us? You tend to see those kinds of issues. It's a really great iterative process that we use where we come back and say, yeah. Yeah. That's a great idea. Or what wow. If you do that, it's gonna be another 350,000 for a piece of equipment, and it's gonna, you know, impact turnaround time or cost to the product. So having that iterative relationship is really good. But when we don't have scientists to talk to, they really deal in a vacuum. I had one group, I won't mention the state, who said to me, Dr. Miller, I have to say this. I don't know what potency is. And he was running the program. And I'm sitting here and saying how are we going to ever get any kind of change or get any kind of meaningful regulations or specifications if we don’t have that kind of capability. So the importance of having scientific

people that understand that we can talk to, that understand laboratory testing is really, really paramount for its success.

At the same time, providing tools and enforcement tools. You heard a lot about enforcement. You know, my days in the pharmaceutical industry, I worked very active with the FDA. You need an enforcement body. You need somebody to be able to walk in there and when they see something that's not what you're looking for, just they can take action. And right now, some of that is lacking even today in the state of Pennsylvania. So that's really, really critical for its overall success.

I wanna talk about one aspect. I apologize. I don't hopefully, it won't be too in-depth in chemistry, but a situation right now we're living in Illinois. In Illinois today, we have a pesticide test that we cannot do. The test requires us to test for 350 different pesticides. If we were to even get the materials of known purity, it would cost us hundreds of thousands of dollars even to be able to do that. But what it makes it worse is it says the specification should be the tightest specification of any product that would have that pesticide. So for example, we're having arguments right now having a pesticide, and we're using a specification of what's in cheap. Because the way the regulation is written, you have to test for three fifty, and the criteria you have to use is the tightest of all specs for all types of foodstuffs. So the absurdity of that situation is just paramount. What's it driving? Noncompliance. No. Since none of us can actually do the test, every laboratory is doing something different. Many of them are not even doing the test. So with the intention of creating the most stringent criteria-- actually caused the opposite. It actually is causing noncompliance. So really important about regulations.

The second one I'd argue relates to the infused marketplace. We heard a lot about infused products here today. We heard a new one I've never heard before about gas station cannabis, but I was here to testify in front of many of you about Delta eight. Delta eight is a huge problem. We all know that. I won't go into the Delta eight space. We have the testing technology today. Tomorrow morning, I could do Delta eight testing. So the capability is there. The ability to test is there. It just needs some regulations around it to enforce what needs to be done. But the infused marketplace is here. If it's we know it's being done in gas stations and other places or outside the or outside the state of Pennsylvania. It's happening today. And people are getting frustrated, which is driving them also to the I call it the gray market, black market, or whatever market that may be. But I caution you with the infused products, it has to have a specification that's relevant.

Go back to my state of Illinois is another favorite of mine. We have an infused product gummies in particular. We have an infused product gummy. What it says is that you have to have at least 90% of its label claim. So if it's a ten milligram dummy, it has to have at least

nine milligrams, but it can't have anything above ten. So what we have is we have product out there today that's at 10.1 that the product actually fails. And what we have to do with state concurrence is we change our certificate analysis to call it 9.999. It's just silly. We do all this work, but because the specifications aren't aligned, with the regulations, it really creates a problem. So the infused products are here. They're a viable product. As you know, they're very, very popular product. They can be controlled, but they're not that easy to make. So making sure we're dealing with people that can make the products well, and we can partner with them to create really good products for the benefit of our patients.

And then I think the last thing is really about making sure that we have the groups that are absolutely empowered. Again, going back to the regulators. It's important that they are empowered to take these the physicians. As this business grows, you're gonna have more and more laboratories. We know that. You'll probably have more and more grower processors coming into Pennsylvania. It is just a matter of time, and what would argue it's happening today, where you're have potency inflation and under reporting of micro failures. I'd argue it's happening today. It will only get magnified three to five times more because people get very desperate in desperate times. And as a result, to try and survive, people do some really untoward things. So the importance of having solid regulations with a strong data integrity program is key.

I'll give you an example again. Now going back to my New York example. When the product became adult use, I got a call from head of compliance, he said, Bob, you're not gonna believe it. We're going live in two weeks. To how the heck are you gonna go live in two weeks? He says, I've been told we have to go live. So what happened? The state went around and felt they were gonna have all these, they didn't think they were gonna have enough lab testing capacity. They didn't wanna be embarrassed. So what they did is they went to all the laboratories and said, what kind of capacity do you have? We had excess capacity at the time. Double it, quadruple it, do it now. That volume never happened. To this day, that volume has not happened, and we have these extra resources. But may what made matters worse is they were so afraid about what we were doing, they actually changed the rules and said for the adult use products, for these new growers who had never grown product before, if you remember in the state of New York, the, licensed medical practitioners cannot, sell in the adult use market. What they essentially said is for potency, you only have to test every fifth batch. I really lost my mind. I said, so we're gonna go into a state that's just learning how to grow product, but now we're gonna reduce the amount of testing that's gonna be done. And he said, yep. And I said, somebody's gonna get hurt. Thankfully, after about two and a half months, after a lot of, conversation with a lot of people, they finally rescinded the rule.

So what I urge you to do is when we understand this, it's not gonna be an exact science, but interact with the laboratories. We know there's gonna be an increase. Interact with the laboratories. Understand what kind of capacity they have. Understand what how quickly they could respond to that adjustment in capacity, and really it becomes a really, really positive outcome. So I really look forward to working with all of you moving forward. I should say the one thing that that the state of New York New York has done, which was a good thing. We now have meetings every month between the regulators and all the laboratories. It's the only state I do business in right now that actually does that. It's a little bit after the fact, but nonetheless at least that's a really a positive outcome. So I what you heard, you know, previously alignment, engagement. We've got the pulse. We know what the products are doing. We know what the you know, what what's what are we where are we seeing hits? Is pesticides a problem? Is mold a problem? Work with us. We can really assure a very successful outcome, and I look forward to working with you on that. Thank you.

Rep. Krajewski

Thank you. Next, we will hear from Dr. Daniel Niesen. As folks can probably tell, it's a bit of an active day in the capital. So, if you can just speak into the mic so we can hear you, that'd be great. So Dr. Niesen.

Ms. Shannon Hoffman

Thank you. I'll go first. Good afternoon, chairman Frankel, chairman Rapp, and the members of the house health committee. My name is Shannon Hoffman. I'm the national director of operations for Green Analytics Laboratories, a network of seven accredited and state licensed cannabis laboratories operating in the Northeastern states of Pennsylvania, Maryland, Massachusetts, New Jersey, New York, Virginia, and West Virginia. Across our seven markets, we have over twenty years of combined experience. I'm here today with Dr. Daniel Neeson, the director of our Pennsylvania laboratory, which operates under the name Steep Hill Pennsylvania. We appreciate the opportunity to participate in this discussion, answer your questions, and to offer our experience in support of an adult use program for Pennsylvania.

Now that Pennsylvania has become an island surrounded by neighboring states with successful adult use programs, we have a duty to our citizens to stop the economic vacuum which draws new revenues, tax dollars, and sustainable jobs away from our state.

We should build on the safety, success, and robustness of our state's medical marijuana program by adding an adult use program with broader product access for consumers, and appropriate regulatory oversight for the laboratory testing program.

Continued thorough and comprehensive testing of cannabis products is imperative to gain consumer confidence, and differentiate the adult use market from the illicit use market. Throughout the country, in adult use markets, thorough product safety testing remains the most important factor in building consumer confidence and reducing the liability to cannabis stakeholders and the state of Pennsylvania. Industry data demonstrates that a successful adult use program is defined by having testing protocols and protections in place for the recreational user that are already structured to protect vulnerable populations, including the immunocompromised and elderly. The recreational user unequivocally deserves the same protections and comprehensive testing platform that protects our medical users. Pennsylvania has a great opportunity to perpetuate the same comprehensive testing program for adult use, which will provide standards, reduce liability, and create the credibility necessary to make Pennsylvania's adult use program the envy of all surrounding states while eliminating the black market. Thank you.

Rep. Krajewski

Thank you. So that was Shannon Hoffman, the national director of operations, and then now we'll hear from Oh, no, no commentary? Okay. All right. Well, okay then. In that case, then we will go ahead and move to members for questions. So I see representative Boyd.

Rep. Boyd

Thank you, chairman. I'm sorry. Dr. Miller, can you explain, you had said something about potency inflation, and I wrote it with a big question mark. Can you explain what that is and how it affects this market?

Mr. Bob Miller

Sure. So when you look at the way the business is set up today, the THC level wins out. Rightly or wrongly wins out. Right? The higher the better. Using the analogy we heard this morning about alcohol. Right? The higher the better. When a grower processor has the financial motivation to have a higher potency, that then has economic benefits to him or her. So the whole aspect about potency inflation is key. And I think it really when I think about potency inflation, I think about it at two levels. It does a service to the consumer because they're paying for a 32% THC product when it's only 22. But it also impacts the I I

had a a conversation with a neurosurgeon, not the fellow that spoke this morning, but someone that I was on the phone with actually in Ohio. And he said to me, I never realized. I didn't understand why my patient was not responding to therapy. Sometimes she was doing therapy was absolutely fine. Other times, those wasn't. I said, please get us the product. And we saw shocking data. The product that they that they had they had gotten most recently was off by 10% THC. That was just massive. So there was an example where actually pharmacologically, it was having an impact, not only a financial impact.

Rep. Krajewski

Thanks. We'll hear from Chairwoman Rapp.

Rep. Rapp

Thank you, Mr. Miller, for your testimony and the information about the lab testing. In your testimony, I'm not sure what page it is. Anyways, the state where it says the state suspended one of four labs for six months, finding the lab had given the highest THC averages in the state, and put the public health and safety at risk by exposing the public to marijuana products that have not been properly or accurately tested for microbial contamination. So what would be the negative health effects on a consumer for ingesting contaminated cannabis when it's contaminated with harmful microbes.

Mr. Bob Miller

Yeah. I think the one you were referring to was actually occurred in Michigan whereby a laboratory was alleged and actually that court case is still going on two years later. But what it was it was related to aspergillus. Aspergillus is one of the microbes that we test for And aspergillus, in rare cases, according to medical literature, will actually cause something called aspergillosis, which can really harm your lungs if it was inhaled. So that's what the specific area there is. There's a lot of controversy going on about aspergillus, but there seems to be some cause and effect that if indeed product that was containing this was reported as a passing result when it really didn't could have undue health implications for that patient.

Rep. Rapp

Thank you. So what you're saying in your testimony is how critical it is to have the lab testing consistently to make sure that what is being sold is not contaminated because it absolutely can be a health risk to adult users and probably to students too. Because I do believe that this is gonna be used probably illegally by folks 21. But, so there are real health risks if this is not frequently, consistently tested, across the board.

Mr. Bob Miller

Without question. Yes.

Ms. Shannon Hoffman

Thank you. May I I comment? Yes, please. So I think, you know, we agree completely about the importance of testing, if I didn't make that clear already. And I think one of the key points we talked a lot about the illicit market, gas station cannabis, the pediatrician who sees patients regularly who are throwing up because they are using cannabis. I would submit that those pediatric patients are not purchasing it legally from a medical market here in Pennsylvania. However, they're probably getting it from the gas station or from a student. Untested cannabis most likely is contributing greatly to those health effects that we're seeing. Did you--

Rep. Rapp

But we don't know unless the, patient is, self revealing where they obtained it.

Ms. Shannon Hoffman

Sure. Of course. But I think logic would lead us to assess that's most likely the case. Would you like to hear a little bit more about the testing and what we specifically test for in the health effects?

Rep. Krajewski and Rep. Rapp

Okay. The chairman is allowing for this?

If you want to answer a follow-up, that's fine. I had a follow-up question.

She was asking if she could expound on that. I'm not sure where we are time wise.

Sure.

We have a couple other testifiers but I think that's fine.

Dr. Daniel Neisen

Quickly alongside microbial contaminants, also do heavy metal testing for things like arsenic, lead, cadmium, as well as mycotoxins, which are small molecules that can be left over from a fungal or a mold contamination. We also have a robust pesticide panel that we test for here in Pennsylvania, which is about sixty, sixty five known pesticides to look for. As well as residual solvents. There's things like ethanol or butane that are used to make some of the cannabis oil based products. So it's not just about potency testing or terpenes. There's also a variety of known contaminants that we test for to make sure all the products sold here in Pennsylvania are safe.

Rep. Rapp

Thank you. Thank you, mister chairman. Thank you. Next, we'll hear from representative Twardzik.

Rep. Twardzik

Good morning. Thank you, good afternoon. Thank you for your testimony. Doctor, you said that the leap from medical marijuana to a recreational retail market is going to have a lot of troubles that there's cracks in the system that we have to take care of it. And we heard earlier that we've got the cracks in the system already with the gas station products. And I don't know if we can't handle the gas stations and the convenience stores, how are we supposed to handle more problems in an expanded market?

Mr. Bob Miller

Thank you. Actually, you quoted my numbers this morning from that study on Delta eight. So thank you for that when you were talking about the percentages when we did that study. So thank you. At the end of the day, think at this point in time, I'm not an expert in gas station economics. However, what I would say is test the product. Any material that's in our

product no---I I came probably I've worked at Johnson and Johnson, so so Tylenol was all about what I did. And one of the reasons I came into cannabis industry is I felt that this was like an OTC product, an over the counter product. And I would handle the Delta eight no differently. Test it, control it, and making sure the people that are gonna make it are licensed. Because at the end of the day, we can test for it today. It's just making sure those controls exist before it can be sold in whatever that that venue is.

Rep. Twardzik

Okay. I appreciate that. Maybe that's something we need to talk to the Department of Health to get out there and do this work now before we put the additions of recreational cannabis on them. Thank you.

Ms. Elisabeth Barry

Can I add actually?

Rep. Krajewski

Please go ahead.

Ms. Elisabeth Barry

Is that fine? Yeah, so you know one of the things I'd point to I think quite often when we're talking about the license market we end up conflating what's happening with the illicit market. People in your state consume cannabis whether or not they're doing it through your licensed, you know, operators or not is really kind of the question and your best mode of being able to ensure safety in the state is ensuring that products that go to market or end up in people's hands are tested. When we're talking about gas station cannabis, we're talking about product that has absolutely nothing to do really with the licensed market. The licensed marketplace has quality controls that has committed, recorded and identified licensed operators that are accountable for the things that go out there. The products that have six thousand milligrams of THC that are, you know, have a name like Skittles with a Z at the end that you find on the gas station shelf. Like that's where you're running into issues of major contaminants and major public health risks. And the best way to make sure that those things aren't what people are buying is making sure that you have a robust market where people have access to safe and tested product.

So I just say that because I think quite often it is a relevant conversation, right? Obviously, when we're talking about cannabis, we have to talk about all of the things and all of the types of products that come from this plant. But knowing that your licensed operators are not the ones ever introducing gas station cannabis, they aren't the ones that are putting safe untested for unsafe untested products into gas station shelves and making them accessible to youths.

Rep. Krajewski

Alright. Thank you. Representative Frankel.

Rep. Frankel

Along those lines, this illicit marketplace obviously exists in other states. They've been successfully regulated along with cannabis in the adult use marketplace, and if so, is there a testing regimen that's working on these other products with THC? Are you referring to the Delta eight products that are sold in? I'm not aware of a state that is effectively regulating it. And part of the issue is that it's a byproduct of the Farm Bill that allowed hemp products to be hemp to be grown, and unfortunately, has the outcome has been people grow hemp, they process it to create delta eight, and then they make products with it. And it's been a huge challenge. There's no interstate commerce, restriction on those products. And so it's really a problem that it's been, you know, really left to the states to manage these issues.

Rep. Frankel

And and no no state is actually doing that?

Ms. Shannon Hoffman

I'm not aware of any.

Mr. Bob Miller

I I just testified last week in Florida that this is intimate implemented rules last week that delta eight will be prohibitive as will delta ten. And then they will have, maximum amounts

of THC even of delta nine even for these are all for hemp derived products. They're taking a very active role in trying to to to create new requirements for those.

Ms. Shannon Hoffman

Maryland did try to pass legislation and, it's being litigated right now. So they actually passed it and it's being Right because it impacted the ability of the hemp farmers essentially to grow hemp and so now it's in litigation. So there's a I hope I say this correctly there's a stay on the enforcement of the legislation.

Rep. Krajewski

Thank You. Chairman Rapp, you have a follow-up question?

Rep. Rapp

Thank you. If I could just have clarification from your testimony, sir. I don't see that this is from illicit. The way I am reading your testimony, the lab that I was referring to, the labs on the microbial contamination were lab testings from the legal cannabis. Am I correct? This was not over the counter products, but it was your lab tests from the legal adult cannabis.

Mr. Bob Miller

That's correct.

Rep. Rapp

Thank you, sir.

Rep. Krajewski

Thank you. Next we'll hear from representative Otten.

Rep. Friel-Otten

Thank you chairman. As we talk about the difference between the illicit market and the legal market or the regulated market, In other states that have made this transition, what the adoption curve? What the adoption curve look like? I imagine since you have worked with companies like Johnson and Johnson, as a consumer, I personally feel more comfortable purchasing a product that's properly labeled, that has a brand name that I know and trust, that has credibility. And so I would imagine that the average consumer is going to feel a lot better purchasing that product. But right now what I know is that there's a lot of people purchasing products from corner head shops and things like that where they have absolutely no idea who's making those products, how they're regulated, how they're tested.

What does the adoption curve look like when a state is going from an unregulated marketplace to a regulated marketplace? And do we find that consumers do make that transition?

Mr. Bob Miller

If I use New York as an example, the adoption curve has been very, very poor. But I think one of the main reasons that it's been so poor is because they haven't been able to get product out on the marketplace. You know, when they first went live in New York, they had multiple lawsuits. So it was a stops and starts and stops and starts and stops and starts. And it still is stops and starts. As a result, you had dispensaries, but they had nothing on the shelf. So they had dispensaries that had had ability to sell the product, but they had nothing on the shelf, which in my mind probably drove patients to say, I need those products. I'm gonna go to the illicit market. And, oh, by the way, they just happen to be right next door in New York City. I'm just gonna go there and buy it there, which just created this whole big big challenge as it related to that.

I've not heard those type same type of situations with something mature like in Illinois or in Michigan where we definitely have had they've been in place for a few years. I haven't heard those kinds of stories nearly as much as it is right now in New York. I think, you know, just this two weeks ago, they passed they said everything was cleared and now they went back and said, now we can start giving out licenses. And end December, they gave out a whole other series of license, which they hope to fill the marketplace. I just heard last week there's now another lawsuit. Now it's stayed again. So it's just the stops and starts. I think patients are want the medicines, and they were saying to themselves, where else can I get

it? Because I can't get it here. I gotta go someplace else. And I don't think half the times they even realize who they're going to because they're just happened to be set up right next door. I think that's causing some of the problem. But I think, ultimately, if the program is launched well, and I think it can be done here, you're I think you're gonna really start to have a major impact of these gas stations and things like that because people want to know that this is tested in a product they can trust. And and I always use the analogy again. We're using my j and j analogy. People trust Tylenol. The name Tylenol is trust. Why is that's taken years and years, but people trust Tylenol. And if it says Tylenol on it, then I know I can trust that product. We're not in the cannabis space there yet, but I think you can get there.

Rep. Krajewski

Thank you. I'm gonna pass the next to you, Representative Schemel.

Rep. Schemel

Thank you, Mr. Chair. Thank you all for testifying. I have one question actually to any of you who might be able to answer it, maybe you can't. One of the things that we hear from law enforcement is that there's not an effective way to test for THC levels within an individual. They pull over for inebriated driving or something like that, or people in the workplace. Again, is not testing the product, but can you tell me, is there an effective and inexpensive test other than blood tests that could assist with this type of analysis?

Ms. Shannon Hoffman

My opinion is that impairment is what should be tested for. Much in the way a field sobriety test is conducted. THC levels don't tell us very much. There's been research that's shown that it varies greatly from individual depending on how much body fat they have, how old they are, how much they exercise, if they're a woman or a man. All of these things influence how much THC is retained in the body after use of a cannabis product, and do not impact impairment. So I think the focus really needs to be more on whether that person is impaired at the time they're driving than on what the THC percentage was.

Rep. Paul Schemel

There's actually a string of legal cases that makes that challenging, which is why law enforcement likes to be backed up by a breathalyzer with the example of alcohol. And alcohol affects different people differently as well. I think that most states, probably all states, have adopted an alcohol blood level just to give a non subjective test and one that sort of survives court challenges. Again, I don't know enough about inebriation and marijuana, but is there a way to what are we hearing from law enforcement is look, the only way we can test for this, or for that matter, workplace individuals, people come into work high, we can only test for this through blood, which is very invasive, difficult to do, can't do on the roadside. Again, this might be beyond what your laboratories do, but if you have any expertise, that'd be helpful.

Mr. Bob Miller

I can answer you and help you a little bit. Two things that come into play. The chemistry is such that it stays in the body a much longer time, so it's very, very difficult at the point of use to say if it were present how long has it been present. I can tell you there's two companies that I'm aware of right now that are developing breathalyzer tests and they both have petitioned to go to the FDA to get approval for those but that has not happened yet. One of them I knew I know about because actually some of the money investments from the same company that invested in us so that's why I know about their technology and they haven't just gotten approval yet but apparently there's still a lot of variability but there's definitely breathalyzer applications that are being looked at by at least two companies that I'm aware.

Rep. Krajewski

Thank you. And then just a closing question before we move to our next panel. Know we've heard a lot around concerns regarding potency and accurately getting the potency of cannabis and then even the concerns around Delta eight and mislabeling, misadvertising with that as well. Can you speak to how a strong regulated laboratory component of adult use could try to address some of those issues?

Mr. Bob Miller

Let me take you on the question about the reliability of the dataset. Today in the state, there's data available today to look at how the product's performing. What is needed is trained personnel to interpret that data. And as I I tell people, because of the seed to seal system has all the data in there, I could identify potentially problematic areas in an hour just by looking at the data. You just need people to be able to do it. I think bringing on board people that we can then work with to develop meaningful specifications, to develop meaningful test requirements, and then to have really data integrity, what I call enforcement. Right? In some states we do business in, we get blinded samples. We get samples that we test today. We don't know what their potency are. Now we do know they're blinded, so it's not total I mean, I say blinded, meaning it's a it's a potency from an unknown source. We know it's coming from the state. But being able to give us that product and be able to have a program whereby we can go in there with blinded samples and someone to run that program through the regulatory body here would really drive a lot of the variability that we're seeing now and I think will increase overall reliability and confidence.

Dr. Daniel Neilsen

There's a few different ways to piggyback off what Bob said that that's been addressed in different states. California years ago went and got several analytical chemist PhDs to do that work. Maryland recently, they've third party contracted some of our accrediting body agencies, A2LA, to go and do that work with them. So whether it's an in house bringing people in house to do that type of work, or there are organizations that can be leveraged to help assist in that process. And finally I'd say a big part of testing in general is you're only going to get a test as good enough as the sample you get. And a big part of what needs to be addressed around testing is how the sampling is done, when it is done, and how is that, you know, meaningful to the test that's generated. Thanks.

Ms. Elisabeth Barry

I think maybe the last thing I would add here is that there's certainly a lot of resources out there. This isn't, you know, a new topic. Groups like the National Cannabis Laboratory Council have published papers looking at harmonizing testing standards, looking at broad strokes, what should be included and excluded on a panel and looking at data we're seeing on a national level. So, you know, I do highly recommend that in developing these, you know, regulatory guidelines and in developing the best practices and approved methods and standards that will be followed by your laboratories, looking to some of these groups, again, that are doing it either on a voluntary or a nonprofit basis that are not coming out of

out of specific industry necessarily, and they really are trying to put forth things that make this conversation and the work that needs to go into regulating the laboratories as easy as possible.

Rep. Krajewski

Thank you. Well, with that, I think unless there's any other questions from members, that will conclude our third panel. Thank you again for your testimony. We will now be heading to our final panel around clinical registrants. So we are joined by Chris Ferguson, the Vice President of Government Affairs and Policy for Verano, and Eric Hauser, the President of Organic Remedies. I will hear from Mr. Ferguson first, and then Mr. Hauser.

Mr. Chris Ferguson

Good afternoon, chairman, members of the committee. My name is Chris Ferguson, and I'm honored to be here today. I am the vice president of government affairs and policy at Verano. I'm here to provide testimony on behalf of our affiliate clinical registrant Verano Biologics and its partnership with Drexel University. Our focus is on discussing the adult use legalization in Pennsylvania while emphasizing the importance of maintaining a robust medical marijuana program and supporting cannabis research. Having previously served as the director of the Office of Medical Marijuana Use and as a public servant with the Florida Department of Health for over twelve years, I possess the wealth and experience and regulatory frameworks and the implementation of effective cannabis policies. Throughout my tenure, I have witnessed the transformative impact that a well regulated medical marijuana program can have on patients in need. In my opinion as a former regulator, the well regulated legalization of adult use leads to the regulation of an otherwise underground market and ensures product safety and quality.

Currently, without regulation, individuals have no guarantee what they are purchasing on the illicit market. Legalization would allow for strict quality control measures, including testing for contaminants, thus safeguarding consumers. Legalizing adult use cannabis would generate significant revenue for the state. By imposing reasonable taxes and fees on adult use cannabis sales, Pennsylvania stands to benefit financially. It's important to make sure that these taxes and fees are not set too high driving consumers into the illicit market.

Funds received from these reasonable taxes and fees could be allocated for crucial areas such as education, infrastructure, and healthcare, ultimately improving the lives of all Pennsylvanians. It's important to acknowledge the existing medical marijuana program as a

foundational framework. One significant aspect to consider is the regulatory oversight. Pennsylvania has stringent regulations governing the current medical marijuana program, and extending these to the adult use would maintain consistency and uphold public safety standards.

Additionally, transitioning existing medical dispensaries to serve both medical and adult use customers could streamline distribution as well as reduce logistical challenges, as well as some of the other things that were mentioned here earlier today. One of the cornerstone principles that must guide our approach to adult use legalization is the preservation and enhancement of the existing medical marijuana program. This is ensuring safeguarding patient access, maintaining product quality standards, and upholding the integrity of the physician patient relationship. By prioritizing the needs of the medical marijuana patients, we can establish a framework that serves as a model of responsible adult use regulation. As we contemplate the transition to adult use legalization, we must remain steadfast in our commitment to advancing scientific research. Research plays a pivotal role in unlocking the full potential of cannabis as its therapeutic agent, providing valuable insights into efficacy, safety profile, and the potential interactions with other medications. By fostering a supportive environment for research initiatives, we can continue to expand our understanding of cannabis and its medical applications, ultimately benefiting patients and consumers. I commend the committee for taking time to hear from current medical marijuana licensees operating within Pennsylvania to better understand current challenges and also to get their perspective on what adult use will look like in the future. Pennsylvania has an opportunity to learn from other states' experiences and implement a regulatory framework that prioritizes public health and safety.

Overall, the establishment of an adult use cannabis market in Pennsylvania holds immense potential for economic growth, job creation, and social progress. By building upon the foundation laid by the current medical marijuana program and prioritizing regulatory integrity and social equity, we can cultivate a thriving industry that benefits businesses and communities alike. Thank you.

Rep. Krajewski

Thank you. Next we'll hear from Mr. Hauser.

Mr. Eric Hauser

Good afternoon. Hi, my name is Eric Hauser. I'm a pharmacist, a lifelong resident of Pennsylvania, and the president of Organic Remedies. It's an honor to speak here today on behalf of my industry and I'm looking forward to sharing with you main I guess my opinions involving research, public safety and what the transition to an adult use market might look like.

Before I get into that I'd like to tell you a little bit about Organic Remedies. We are one of the nine clinical registrants here in the state of Pennsylvania. As a clinical registrant we grow, process and dispense medical marijuana. We employ about 350 Pennsylvanians spread across the state. Since 2020, Organic Remedies and its academic clinic research partner, the Philadelphia College of Osteopathic Medicine, have been conducting valuable research dedicated to increasing the understanding of health outcomes involving cannabinoids and medical marijuana. We recognize that cannabis research model that was established by chapter 20 of act 16 is at the forefront of cannabis science and research really in the country, and the act enables Pennsylvanians to take a leadership role. And we we take this opportunity very seriously.

So I'd like to share with you a little bit about some of the research that that we've done. So over the past four years, researchers at the Philadelphia College of Osteopathic Medicine have studied changes in quality of life and symptom severity in new Pennsylvania medical marijuana patients. This is one of the largest studies ever done with medical marijuana. Researchers followed 450 patients over the first year of their medical marijuana use and these patients could have qualified under any one of the 24 conditions that are permitted in Pennsylvania. The most common reason people started using medical marijuana was help with symptoms relating to chronic pain and anxiety. Across all medical conditions, medical marijuana users reported rapid and substantial improvements in their medical symptoms, and rapid is defined within the first three months of treatment. So in addition to mitigating the symptomology of their conditions, they also reported an increase in their quality of life. And quality of life is defined as better physical and emotional functioning, less pain and fatigue, and improved social interactions.

So for example, medical marijuana users with anxiety disorders reported a greater than thirty percent decrease in the severity of their anxiety after the first three months of use. In patients taking medications for anxiety, including benzodiazepines, which are fairly dangerous and have notable safety concerns. Thirty two percent of these patients on medications like that reported that they were able to reduce or completely eliminate their prescription medications for anxiety. Again, that was during the first three months of treatment. So our researchers have made many public presentations at national scientific conferences over the past few years. The American Public Health Association, the

Association for Behavioral and Cognitive Therapies, the American Psychological Association. Those are some of the presentations that we've done. In addition, they've published articles in journals that are peer reviewed, and some of those journals are the Journal of Effective Disorders, the Journal of Cannabis Research, and a journal called medical cannabis and cannabinoids. So researchers are also collecting data on the potential negative social, occupational, physical, and personal consequences associated with marijuana use. So they're still compiling the data, but as of yet, there were not any significant adverse events or consequences associated with marijuana use. It's plausible that one of the reasons for this data indicate indicating such positive outcomes regarding symptomology and improvement in quality life and very few adverse events is because of the manner in which medical marijuana is distributed in Pennsylvania.

Medical marijuana products are vast and complex. There's literally thousands of different types of products. Different strains, different dosage forms, different routes of administration. Currently, medical marijuana users in Pennsylvania work closely with pharmacists and trained dispensary retail staff to determine their best approach to address their medical needs while providing instructions for safe use and storage. So if adult use is made legal in Pennsylvania, marijuana is likely to be sought for conditions currently approved by the medical program as well as others. Simple example might be sleep. Dispensaries with trained pharmacists and staff are well positioned to address the needs of consumers, both recreational consumers and medical consumers, as well as promote safe use of these products and assist with research studies to increase our understanding of this drug.

Additional research is expensive. We are currently funding nine different research studies with our research partner, PCOM. As we move into adult use, the additional revenue that will be generated will allow us to fund additional research studies. We can expand research into more areas, including specific disease state outcomes. The influx of adult use consumers will also greatly increase the pool of patients that are available to do research.

So, if we think about health and public safety, our pharmacists and retail staff are highly focused on patient health and public safety. We've got trained pharmacists in every dispensary. Our pharmacists provide counseling to every new patient on their first visit. And many times, these patients continue to work with our pharmacists long term as they tweak their, their treatment plan to enhance the outcomes of their treatment. So not only are our pharmacists trained experts, but our patient care consultants, which is our retail sales staff. You may them know you may know them by the name of budtenders, out West, but here in Pennsylvania, we call them patient care consultants. These folks have extensive training in the proper use of products. Most patients have limited knowledge of the various

forms of medical marijuana, different dosage forms, onsets of action, duration of action, etcetera. Our pharmacists and patient care consultants are there to answer questions, provide advice, and get patients the most credible information for their individual health needs. And also to understand how to consume the product in the right quantities for the desired effects. It's important to understand cannabis is a complex plant with thousands of different strains, hundreds of different components in the plant that react differently with individuals. Finding the sweet spot for health improvement is critical. Our pharmacists and patient care consultants have learned a lot over the past five years and are passionate about helping patients live their best life through marijuana. It's important to maintain this this dispensary model in an adult use scenario. Many new customers will be visiting stores and having a lot of questions. A prime example could be edibles. For instance, gummies. Gummies do not deliver an immediate effect. Many consumers try a gummy and are looking for an immediate effect. When that effect doesn't happen, they consume more. This can lead to strong effects that are unwanted. It's important for experts to advise consumers about the onset of the effects as well as the proper amount to ingest and to be aware of any potential side effects that may occur. Adult use consumers and medical marijuana patients alike need to understand how to consume their product safely. Our medical marijuana program ensures the safety of our patients today and will continue to provide a safety net tomorrow in an adult use market, specifically in terms of regulating consumption, proper dosage, selection of products, and utilization. Our pharmacists and care consultants remind existing patients and will remind adult use consumers of the potential risks to children, adolescents, pregnant women, and even pets. Current medical marijuana regulations specify childproof containers and packaging that's not attractive to children. This will continue to be an important aspect in an adult use market.

Now what would transitioning to an adult use scenario look like? Well, again, if we could use existing infrastructure of grower processors and dispensaries, we think we could make this happen very quickly. In addition, we think that not that we would wanna rush it, there's a lot of concerns here about public safety and what this may affect the communities we live in. But it could be done and has been done within ninety to one hundred and eighty days by other states. And we've already heard a lot about how that could happen and why that should happen primarily to minimize the amount of illicit product that's being purchased and utilized. So I think you know again using the existing infrastructure is important. Here in PA we've got a really strong medical program. It's recognized across the nation as one of the best medical marijuana programs. Today we have 177 dispensaries spread across the state which is a significant infrastructure to help deliver an adult use product safely in a regulated manner. It stands to reason that the current infrastructure would help not only expedite the implementation of adult use program, but would also

have that safety net there because the folks that are running those stores and interacting with patients today have probably some of the best knowledge of anywhere in the country relative to this product, how it should be utilized.

So again, we can learn a lot from other states, what they've done, some have done well, some not so well. In my written testimony, I provided a out of state glance. You could see what some of the neighboring states and just some other states have done that has worked out well or maybe in some cases not so well. So history tells us that when a medical marijuana state transitions to an adult use state, the increase is three to five times the number of consumers. So here in Pennsylvania, we have more than 400,000 current medical cardholders. That number could easily increase to 1,200,000 to upwards of 2,000,000 patients/ consumers overnight. The medical marijuana industry in Pennsylvania is in a good position to meet that increased demand. We have no shortages of product and in fact we have a glut of product in the market right now. With plenty of product in the supply chain to meet the expected increase in consumer demand, again we could implement an adult use program in a timely manner if we use current infrastructure.

There are some underserved communities as was recently identified 13 rural counties in the state that have an access problem. Know, Act 63 was recently passed that may translate into some new dispensaries in some of those deserts that we call them of access. But I would strongly encourage and recommend that this body as the new regulations are crafted for adult use when that should happen that we would try to make sure that there were some incentives in these underserved areas to allow new license holders to open in those areas. That would be a much more favorable scenario than relying on liquor stores to distribute the product.

So in closing, I wanna thank you for listening to me today and and giving me the time here. We we've got a great program here in Pennsylvania, and I'm honored to be part of the clinical registrant group here that's doing really research that's never been done before in the state. And you know there's still a lot more to be done and we are up to the challenge. We've cultivated great relationships with our patients. They trust us. They look for us to help them navigate this landscape. And one of the big things that I would leave you with, I would say that implementing a program certainly you want to take your time make sure it's done correctly minimize all the adverse effects that come from it but there's already a lot of adverse effects by not implementing it--- Namely this, you know, illegal product supply that's not tested, that's in many times not even what it's purported to be. Whether that is at a gas station or on a street corner or from a friend of a friend, you know, inaction in my opinion is a bigger risk than making this happen. That's all I have to say. Thank you.

Rep. Krajewski

Thank you. Thank you, mister Hauser and thank you mister Ferguson. So we'll open it up to members. We'll start with representative Twardzik.

Rep. Twardzik

There's a benefit of sitting in the back row. You get to ask questions first. Thank you for your time. Studying this issue, it's been interesting that when we first listed medical marijuana, I believe that one of the conditions was not for anxiety. That was added later on. That's correct. Okay. And that now consists about 40% of the what's been prescribed?

Mr. Eric Hauser

I'm not sure the number, but it is a it is a next to chronic pain. It is the largest category of patients.

Rep. Tim Twardzik

Okay. Yeah. Because that that's you know, I was not here when they put the medical marijuana in and that talking to some members in the past. They, were kind of upset that this was changed without input from legislation. But I'm also a little concerned that your review of effects of marijuana, you find nothing wrong that PCOM found that this is probably a fine product and that goes against what we found out from the NIH earlier that the high potency marijuana increases the developing chances of psychosis five times compared to people who never used marijuana and there's links to suicide in Colorado suicide of marijuana users have doubled since legalization 2019 and that one in three suicides in Colorado were marijuana users.

So it's there's just so much that can go wrong with this product. I, again, will repeat that I I don't think we need to rush into it. We need to try to fix the problems we have now. And, you know, it's let the consumer beware but it's such an odd business that you we still have people go to street corners or go buy this product that can be laced with fentanyl and you die, But that is still their choice and this consumer may not be the person who's gonna walk into dispensary because there's a tax on it or because they didn't want to get a medical

marijuana card. It's just such a tough issue. There are so many troubles with it. I just feel very strong that, you know, we try to we need to try to protect the society as much as we can and opening this all up in a in a legalized forum is is, I guess too soon. But thank you and one more thing, thanks for your patience---Mr. Chairman, I'll yield my time. If I find something else, I'll let you know. Thank you.

Rep. Krajewski

All right. Sounds good. Thank you, Rep. Next, we'll hear from Chairwoman Rapp.

Rep. Rapp

Thank you, Mr. Chairman. Thank you, gentlemen, for testifying today. That's just as a follow-up to Representative Torzig. Where I live, I border New York State. So and the we have the Seneca Nation native American nation right across the border. So, New York State has legalized. So, I know I have constituents who go to the nation. We refer to it as the nation. It's where we're from and you know, so they have a casino there that a lot of my people frequent as well but now they go there to buy gas at the pump and marijuana and not just there but right across the border.

So I was interested in seeing that in New York State, you can possess up to five pounds of cannabis for your personal residence. That's kind of alarming to me because when we hear more and more about the fentanyl and lacing of fentanyl into other products, seeing that you can have that much and it is there any concern from you with the lacing of other products into not necessarily medical marijuana but medical marijuana that you can buy the pound, which I couldn't even envision that, but Mike brought it up on the computer screen, what, five pounds?

Mr. Eric Hauser

Sure, it's a lot. It's half of a garbage bag full, of volume if it's in the plant form. Certainly I would never envision something like that happening here in Pennsylvania. There's certainly lower limits that are considered acceptable in other states. And I think that's one way you could phase into it if there is a concern that there wouldn't be enough product for medical patients and adult use consumers. You could just dial back the amount of product that they could purchase at any one given time or possess. There's really no reason for someone

to have five pounds of product. Mean that to me that would almost point to an intent to distribute versus personal use. So yeah, think that's excessive.

Rep. Rapp

Although one of our very first hearings we had a testifier who stated that once it is legalized, it's we would see in Pennsylvania kind of like chain smoking that we can visualize or not people sitting at home and be like chain smoking, you know, a pack of cigarettes or drinking a lot of booze instead of one beer because you're sitting at home. And to me, that would be a danger especially if you're looking at a contaminated product. But I would be very concerned saying this to my colleagues, if we would use New York State as a model we would allow people to actually buy five pounds of marijuana.

Mr. Eric Hauser

I would say in my opinion there's more things wrong than right with the program in New York. And the biggest issue as we heard earlier today is there's not really a distribution network that's been licensed to distribute the product. So you have a lot of these illicit dispensaries opening all across the state and it really is outside of the framework of a regulatory body and that's the exact opposite of what we have here in Pennsylvania. I would say to the earlier comments about psychosis and there being adverse effects, mean any drug that you use has a risk to benefit ratio. Any drug, Tylenol even or ibuprofen, the simplest things that we use every day. But I think the difference would be in Pennsylvania if we use existing dispensary model with healthcare workers and trained dispensary staff that some of these things won't come to fruition like they might in other states. There aren't many states that have this solid and this much involvement of health care professionals in the distribution of marijuana.

Rep. Rapp

It is a concern to me. We've brought up the issue with Delta eight before to the Department of Health. There seems to be unwillingness on their part. We've had legislation but we have not seen the type of positive response from the department we would like to see. I'll leave it at that. Thank you.

Mr. Chris Ferguson

Sorry. I just can respond. I think many presenters up here today have indicated that New York may not be the best model to follow. I think there were some others that were mentioned, Maryland for example. And you as policymakers have that opportunity to shape that policy and dictate how that's going to operate and how you can maintain public safety and and help, you know, ensure healthy consumers. Just wanna leave you with that. Thank you.

Rep. Krajewski

And then actually, mister Ferguson, I have a question for you. You had mentioned in your your remarks that our medical cannabis, our current infrastructure around medical use is a good foundation from which to build an adult use structure. Could you just talk a bit more about why you think that is? What are the components of our medical use regulation right now that you think are beneficial that could be expanded for general adult use?

Mr. Chris Ferguson

Yes, thank you. So I, having Department of Health background, I have always believed in just public safety. And so the strict requirements with respect to testing, product labeling, informing patients, and consumers alike, I think is a very good foundation in terms of not being attracted to children. You've got strict guidelines in terms of product tampering requirements. All of those types of things I think need to transition into an adult use market. Keeping those as a foundation to ensure that we're not producing or providing any products that are attractive to children. We're maintaining those tamper resistant packages. And we're maintaining those strict guidelines with respect to testing for contaminants, pesticides, things of those nature.

Rep. Krajewski

All right, thank you. So I think unless there are any other questions. Rep. Schemel.

Rep. Schemel

Thank you, Mr. Chair. I actually have a question for both of you. We'll start with Mr. Hauser. Thank you for your testimony. First thing you said, based on your estimates that if recreational marijuana were legalized in Pennsylvania, we'd have one point two to two

million users out of our legalized shops. That's about a quarter of the population when not even accounting for how many are 18. Is that based upon what you see in other states that have legalized?

Mr. Eric Hauser

Yeah, it's usually a three to five X increase.

Rep. Paul Schemel

Okay, now as a pharmacist, you spoke about the efficacy of the medical program that we have, which I thank you for because I was a supporter of the medical program. Now marijuana has a psychotropic effect as I understand it. So what other drug in a drugstore, in a pharmacy, would you as a pharmacist sell to a customer who has no medical indication? They really just want to use it to get high. It has a psychotropic effect.

Mr. Eric Hauser

There is no other drug like that.

Rep. Schemel

My other question is for Mr. Ferguson. Mr. Ferguson, thank you for your testimony as well. You talked about the effect on the illicit market. Can you tell me which states have seen a reduction in the illicit market after the legalization of recreational marijuana? Can't give you any statistics on that. Okay, you indicated that there would be. So what data, what states have had that? There could be, right? And I think that from a legalization as well as when you regulate the intoxicating hemp, which I think we've seen in Florida. Somebody earlier today had mentioned Florida who had initiated some regulations, limited to start. I think we're seeing this session a more restrictive, but in terms of requiring testing and packaging, labeling consumer, I think that's where you will see that decrease in that illicit market.

Rep. Schemel

That has to do with the regulation of things like Delta eight. But you had asserted in your testimony that with legalization of recreational marijuana, we would see a reduction in the

illicit market for marijuana. A number of studies have actually indicated the opposite. So I was curious which states have shown that there's a reduction in the illicit market.

Mr. Ferguson

I don't have any with you at this time. But I can get it for you.

Rep. Schemel

Yeah. Thank you.

Rep. Krajewski

Thank you, rep. Any other questions for members? Seeing none, I will now pass it over to the chairs of the committee for some closing remarks. We'll start with Chairman Frankel. Thank you. First, I want to thank all the testifiers. As I said, this has been a series of hearings. Today was an opportunity for the representatives from the industry to to present testimony and answer some of our questions. I want to thank the two subcommittee chairs, Representative Krajewski and representative Schimmel and specifically the staffs, Erica Fricke, the majority executive director and Mike Siggett, the minority executive director for putting this together because it's taken some time and and a lot of work and it's part of what I hope is a really thoughtful deliberative process.

What we heard today is a hearing about the proposed new adult use market. But to be clear, there are three cannabis markets in Pennsylvania. There's an illicit marketplace that exists today that you can go across state lines to purchase or you can go to the old method street dealer to purchase it. And there's an unregulated marketplace that presents some clear public health issues for us as we've heard that virtually every street corner in our urban areas we have convenience stores, vape stores, smoke shops selling products that are completely unregulated and present the challenge to trying to establish an adult use market and present the existing threats to the what we know is a pretty well founded medical marijuana marketplace. So I think we have a good deal of information here to take a look at, take a comprehensive view of this. I think it's really important that as we pursue an adult use market and I think we should and I acknowledge the hesitancy of some of my colleagues or the opposition. But the fact of the matter is we have a cannabis marketplace here illicit unregulated medical marijuana. It's not going anywhere. We're not gonna

eliminate it. Law enforcement has been completely ineffective over the years and has marginalized many communities in our state. This hasn't worked. So as the rest of our neighboring states begin to have and are now beginning to regulate adult use, you know, it is really inevitable in my view and the only responsible path forward for us to create a safe and legal adult use marketplace in spite of all the, I think, some of the concerns that our colleagues have. We have the opportunity to do this in a safe way. I think we heard many ideas today about how that could play out. We have in our previous hearings as well. So I want to thank my colleagues for continuing to stick with this as as we move forward to try and craft a piece of legislation that hopefully will be the best adult use legalization in the state. Also keeping in mind, I think a major priority for many of us here and that is to set the record straight for so many people who have been adversely affected historically by the criminal justice system and provide opportunities for them as we move forward with legalization. So thank you Chairman Krajewski for allowing me a couple of parting remarks and look forward to working collaboratively to get piece of legislation together. Thank you.

Rep. Krajewski

Thank you Chairman. Chairwoman Rapp.

Rep. Rapp

Thank you Chairman. I want to thank all the testifiers here today too. That's wonderful to glean from your knowledge of the issue. I did learn a lot from the lab testing. I think that would be absolutely critical as we move forward to draft any piece of legislation. And I am also hoping Mr. Chairman Frankel, that in future hearings we those of us here would like to hear from the liquor control board and how they feel about product being dispensed through the stores. But we'd also like to hear from law enforcement and some of our law enforcement I know Chairman Krajewski is looking for some reform within the legal system. And I actually see that as more of a separate issue. And I think that's a real issue that we should examine here. But I really would like to see Mr. Chairman, panels of law enforcement, the courts, and testimony on legal reform itself away from the topic of legalization. I think that is critical, a critical issue that I think some of us could get on board with. But I do appreciate the testimony today. I think there's a lot of issues that when a bill is drafted that we definitely need to take a look at and make sure if we're doing the legislation whether I support it or not, that it's drafted in the best interest of

Pennsylvanians, especially our young people in this state. So thank you, Chairman. I appreciate being here today. Thank you, Testifiers.

Rep. Schemel

Thank you, Chairwoman. Next we'll hear from my subcommittee co chair, Representative Schimmel. Thank you, chairman. Thank you, testifiers today. Now that it's quieted down, it's a little easier to testify too. So when we're making policy in this building, we always try to weigh the goods for society with those things that are difficult. For example, when we appropriate money, we appropriate that for good purposes, but we also have to get the money from somewhere and people generally don't like to part with their coin. So there's a downside to that. Today, were given four general reasons why legalizing recreational pot is a good idea. So let's kind of unpack all four. The first, and we heard a lot of testimony about this is that we have a terrible illicit market and we have to control the illicit market. I don't disagree, but I never actually heard any connection that legalizing recreational marijuana would in any way impact negatively the illicit market. In fact, Colorado, Oregon, Washington, California all have a lot of data that supports the fact that the black market has grown in those states after legalizing recreational marijuana. Maryland was often given as an example. I live right on the Maryland line. It's about three miles from my home. Incidentally, I can no longer travel to Maryland without smelling marijuana, which I did when I was there for dinner on Saturday night last. But Maryland has just started their program of legalized pot, so there's really not much of an example to follow until we know what's going to happen. When asked specifically about any data that would support that the illicit market would decrease, I've given the example that there really wasn't anyone he was aware of. I've studied this some myself. I'm not aware of any data that indicates the illicit market would decrease. So that was number one of four.

Number two, we have to do something about Delta eight. There's also testified Delta eight is impacted by federal regulation over which we have no oversight or control. And that one state, Florida, is actually trying to regulate Delta eight. Florida is a state that does not have legal recreational pot. So Delta8 regulation and all the evils and ills that come from that are not related to legalize marijuana. Number two of four.

Number three, criminal justice reform. Among Republicans, I have actually done a lot with criminal justice reform, including with our current speaker, speaker McClinton, in a previous session on a sweeping criminal justice reform legislation, which I support. I'm wholeheartedly in in favor of criminal justice reform. Would love to talk about criminal justice reform. I also sit on the judiciary committee, which is the appropriate place for that.

I've yet to see a bill that deals with this as criminal justice reform, which is where that would appropriately go. You do not have to legalize recreational marijuana to have reform of how people are prosecuted under current laws. Three of four.

And then finally four, talked about equity. We heard that in sort of the opening testimony, especially equity with relation to racial components. Interestingly, of all the testifiers at all three hearings, I don't believe we've had one individual who is black and brown. I could be wrong. I might not be relating, but I have not heard any. Of the 10 we had today, none were, but I could observe. The problem we've heard from other states is that when they tried to implement equity programs into their legalization of pot, that they've always fallen down because ultimately the individuals, even if it is someone from that community who gets the license, they sell the license and ultimately it's just large businesses that have all the licenses. So I haven't heard how that is gonna be in any way impacted by any legislation.

So today we've heard a great deal about how. How do we implement this? As though it's going to happen. I've been hearing for the last ten years I've been in the legislature, well, this is just about to happen. We have to do something. It's just about to happen for ten years. I was a philosophy major. We study a lot of the why, not just the how. Of all the testifiers today, they all stand to financially benefit over their businesses for whom they work by legalizing recreational pot. I don't mean to impugn the veracity of their testimony. I'm certain they have all told the truth. But hearing from testifiers who stand to benefit is a sure way to guarantee that you're only having one side of the story. We had 10 testifiers today. We've had two other hearings. I don't recall how many testifiers, We had multiple of those. The minority party, we've requested and I continue to request today that we be allowed to have some testifiers. We've not been granted that request yet. I'm hopeful that the chair of the subcommittee, chair of the health committee will allow us at least two testifiers via small number. Thank you very much.

Rep. Krajewski

Thank you, chair Schemel. And thank you to all of our testifiers for your presentation today. Just to provide some remarks of my own, this issue is very important to me personally, both as someone who is the child of someone who has been in recovery for twenty years and also who represents the city of Philadelphia. I'm a city that is very much struggling with a very real issue of substance abuse. And what I know from both personal experience and also from my experience as a legislator is criminalization does not work. Criminalization does not present does not curb abuse. It does not curb the illicit market. And part of that is because drug abuse, substance abuse has many factors. Right? It's not just about

criminalization. It's about poverty. It's about housing. It's about economic insecurity, economic injustice. A lot of factors that were created by our generation, our previous generation of a war on drugs policy that has perpetuated many of the issues of addiction that we still see that our community struggle with to this day. And we have to face the reality that people in this Commonwealth use cannabis. They use it for many reasons. Some use it for medical use. Some use it recreationally. Some use it to alleviate pain. Some use it actually to help with their addiction to other drugs. And we have a responsibility as a commonwealth to provide safety, accountability, and oversight to that use. We have the responsibility to regulate it and bring millions of dollars in revenue that we can use to reinvest in communities that have been impacted by this past criminalization and the other things, right, that will allow Pennsylvanians everywhere in Philadelphia, in our rural communities, beyond to thrive. So I look forward to continuing these hearings to talk about how we do that, how we do responsible adult use here in Pennsylvania. I know with all the members here today, we will have that conversation in a realistic manner, and I want to thank you for joining us for this hearing. Thank you.