

Testimony

Jamie Ware - Chair of the Pennsylvania Cannabis Coalition and Senior Vice President of Legal, Regulatory, and Government Affairs at Holistic Industries

Adult Use Cannabis Hearing, Senate Law and Justice Committee - March 14, 2022

Good afternoon, Chairman Regan, Chairman Brewster, and all members of the committee. Thank you for providing me the opportunity to testify.

My name is Jamie Ware, and I am the Chair of the Pennsylvania Cannabis Coalition, or PCC. The PCC is the Commonwealth's cannabis industry trade association, and we represent more than 75% of the medical marijuana operators who hold grower/processor, dispensary, and clinical research permits in the Commonwealth.

Pennsylvania is positioned to build a well-regulated adult-use cannabis program grounded in the principles of safety, security, and economic development. Importantly, implementing a well-regulated adult use program will help stem the influx of illegal cartel cannabis into the Commonwealth. As adult use legislation passes in states all around Pennsylvania, tax revenues that belong in the Commonwealth are being given to neighboring states. As we look towards the future and inevitable federal legalization, if the Commonwealth has not developed and implemented its own adult use program by the time cannabis is federally legal, we run the risk of having the federal government intervene and set up the program for us. The time to pass adult use in Pennsylvania is now.

Creating a comprehensive, regulated adult use market based in best practices is imperative to a successful program. Today, I would like to share with the committee three critical best practices when designing the regulating body for the program.

First, the regulating entity must be empowered to oversee both the medical and adult-use program. Having the two programs sit under two separate entities makes it near impossible for a medical program to survive. The perfect example of this is Oregon. After adult use passed in Oregon, the regulating entities of the two programs did not merge and as a result almost every medical dispensary either closed or converted to adult-use only. The reality is that it is near impossible for a dispensary, which already has slim margins due to 280(e), does not have the capacity to operate under two completely different sets of rules and regulating bodies with different expectations. A better model is Massachusetts, which folded the medical program into

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an independent commission also responsible for oversight of adult-use. This allowed Massachusetts to streamline rules and regulations across the two programs and significantly decrease the burden for dispensaries to operate as both medical and adult-use. Recent data indicates that about 75% of Massachusetts' are still serving medical patients. New Jersey, Illinois, and Nevada also followed this model – and it is the right model for Pennsylvania.

Second, the regulating body should be a newly formed commission or board dedicated solely to administering the medical and adult use programs. The volume and breadth of activity a regulating body must manage increases with an adult use program. The regulating entity must have staff who understand licensing, science, compliance, and security, allowing them to effectively enforce regulations regarding consumer safety, security, compliance, and more. The diverse experience required to regulate cannabis does not exist in a single state department. Along the same line, sharing regulatory responsibility across departments come with its own set of challenges. Think back to when Pennsylvania created the Gaming Board – this new industry needed its own regulatory authority to oversee the complicated nature of the business without distracting other agencies from their core missions. Sound familiar? Creating a new agency to oversee Pennsylvania's cannabis industry is the logical choice.

Finally, the regulating body should create and maintain consistent and constructive ways to obtain feedback and information from stakeholders, including industry. The best run programs in the country, whether just medical, or medical and adult use, engage in frequent stakeholder feedback meetings, advisory group meetings, and regulatory feedback sessions. For example, the Maryland Medical Cannabis Commission, in a medical only state, holds monthly public meetings that keep the stakeholder community apprised of the issues that impact us. There are many ways to accomplish this feedback loop. The PCC recommends making this process part of the statutory framework for the program so there are no misunderstandings regarding the body's responsibilities to its stakeholder communities.

Thank you for your time. I am happy to answer any questions from the Committee.