

Testimony  
Tuesday, June 24, 2005  
Senate Law & Justice Committee  
Public Hearing on Intoxicating Hemp Products

Submitted by: Pennsylvania Beer Alliance  
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On behalf of the Pennsylvania Beer Alliance, we appreciate the opportunity to present the following testimony on intoxicating hemp derived cannabis products and their unregulated presence in the Commonwealth. While we understand this hearing will focus on the impact of these products being sold on the medical marijuana industry, the unlicensed and unregulated sale of these products is also negatively affecting the adult beverage industry as well.

The Pennsylvania Beer Alliance is a trade association representing licensed importing beverage distributors in Pennsylvania. These family-owned businesses operate in a heavily regulated and controlled industry by both our federal and state governments and within the wholesale tier of our three-tier industry in the regulation and distribution of alcohol. We have a proven track record of providing Pennsylvania consumers with a variety of beverage choices, ensuring these products are sold safely and legally, encouraging moderation and responsibility in consumption, and revenue generation and collection.

The hemp derived cannabis industry in its current form was created by the Federal Farm bill in 2018. By removing cannabis plants containing less than 0.3% THC by dry weight from the Schedule I list of controlled substances, a new market was born. Since that passage, there has been a rapid development in the availability of these products throughout this new marketplace. The continued inaction on this issue has permitted these products to be sold without regulation throughout the Commonwealth. While many of your small business owners who are already licensed and regulated by both the

Federal Government and the Commonwealth are expressly prohibited from selling these products, they are readily available and sold in unlicensed marketplaces throughout the Commonwealth, and even online, without any restrictions or regulatory oversight. Specifically, your local beer distributors are prohibited from selling these products, while an unlicensed and unregulated retailer a few doors down, may.

We believe there are important policy implications that should be taken into consideration as you contemplate how to regulate these products. We fully believe these products should be regulated with the same rigidity as other intoxicating products. There should be no loopholes that permit the sale of unregulated products that impact public safety in Pennsylvania. Most importantly, we believe these products should be distributed through our existing three-tier system, a time-proven system that protects the health and safety of Pennsylvanians in the distribution of controlled substances. We also believe that restriction to these products is imperative. The retail sale of these products should match alcohol sales and be prohibited to be purchased by anyone under the age of 21. The milligram content of these products should be limited to no more than 10 milligrams. Along those lines, there must be regulation on packaging and labels to ensure these products are not enticing minors. Lastly, manufacturers and retailers must be licensed and regulated to ensure these products are meeting standards to protect the wellbeing of those consuming these products.

Low-dose hemp products are not marijuana and should be regulated and sold through the existing three-tier system. Unlike marijuana, which contains higher levels of THC and produces psychoactive effects, hemp beverages are made from hemp-derived formulations, limited in milligrams, with many in the 2 -5 milligram range. These low-dose products closely align with beverages like beer, with a low alcohol by volume, which are consumed in a relaxing, social environment with reduced risks of intoxication. Regulating and selling hemp products in the same system as beer would not only simplify the process for consumers, retailers, and producers, it will also take advantage of existing and successful regulatory framework already in place in Pennsylvania. Not only will this end

confusion about these products in the marketplace, but it will ensure all products are being sold to consumers in the regulated marketplace they understand and trust.

The Center for Alcohol Policy recently conducted a survey in partnership with New Bridge Strategy and found fewer than one-third of adults are even aware that beverages contain THC derived from hemp. A majority of respondents, 73%, believed that these products should be regulated. When comparing these products to alcohol, 74% of the respondents believed that these products should be regulated in the same manner as alcohol. Most importantly, 86% of the respondents believed these products should be sold through licensed production and a distribution system similar to alcohol.

Over a dozen states this year have introduced legislation to regulate or ban these products. Many states have proposals that would treat these products like beer, rather than a cannabis product. Most recently, in Tennessee, a bill was signed into law which establishes a three-tier system of regulation and distribution, mirroring the sale of alcoholic beverages. Yesterday, the Governor of Texas vetoed a bill which would have banned the sale of intoxicants made from hemp.

This is a national issue, with over 30 states regulating intoxicating hemp products. Our National Association, the National Beer Wholesalers Association has closely tracked this issue and can assist in providing any further information you are seeking about how these products are being handled across the Country. As you continue to weigh and consider these products and their role in the Pennsylvania marketplace, PBA is available to provide any further information you may need on the regulatory landscape we currently operate in, or how importers are handling these products in other states. We appreciate the opportunity to provide this testimony.