



**Curio Wellness Written Comments  
SB833 Hearing - Thursday, March 3, 2022**

**Founded and based in Maryland, [Curio Wellness](#) is a family-owned and operated cGMP certified medical cannabis company and trusted healthcare partner. We're dedicated to increasing the accessibility of high-quality medical cannabis to the growing population of citizens who seek a transformational solution to their health complications. Available in over 90 dispensaries across Maryland, our **patient-centered and innovative approach** to medical cannabis has made Curio the market leader in Maryland.**

In three and half years, **Curio has done exactly what we said we would do in our application to obtain a medical cannabis grower license here in Maryland.** Not only have we remained steadfast in our promise to deliver high quality, safe and innovative medical cannabis to Maryland's certified patient population through constant research and development, but we have also maintained a constant drive to reinvest in our infrastructure (we just opened a brand new \$5 million state-of-the-art processor facility and undertaken a \$30MM upgrade to our cultivation facility) and people (with a **workforce of 250 employees** who are offered [competitive benefits packages](#) including comprehensive healthcare, 401k, PTO, and tuition reimbursement, to name a few).

Moreover, as an organization, Curio knows that a **diverse and inclusive workforce** creates an optimum workplace that attracts and retains talented employees and loyal customers. In fact, this commitment to diversity has been **present since inception** with Curio's inaugural leadership team comprising a multi-racial group of men and women. As the company has grown, so has its focus on a diverse team of workers and leaders. **Overall, 46% of the Curio Wellness workforce is female and 46% identifies as Black, Hispanic, Asian or multi-racial. Among management, 38% are female and 24% identify as Black, Hispanic or multi-racial.**

**Curio's commitment to diversity and inclusion extends beyond our workforce and into industry action through the creation of a \$30MM [WMBE fund](#) to support women, minority and disabled veteran participation in the cannabis industry.** This program provides eligible candidates with **start-up capital** needed to open a Far & Dotter dispensary franchise at **fair market value** and with **verified path to ownership**. The WMBE fund not only seeks to create **generational wealth** among minority entrepreneurs; it also provides a vehicle for under-represented investors to participate in the cannabis industry.

**Therefore, as an industry leader Curio Wellness has an immediate focus: to remain dedicated to creating and supporting a medical cannabis program in the State that provides a safe, effective and reliable product for Maryland patients.** It is with that context that Curio registers concerns with the current focus

the Maryland General Assembly has on adult use. Certainly, Curio supports the ongoing effort of the legislature as it relates to criminal justice reform, decriminalization, expungement and other critically important social equity factors. However, the conversations on adult use seem to ignore both Maryland patients and Maryland businesses that have invested tens of millions of dollars.

**In an effort to shift some focus back on the existing medical cannabis industry -- which supports patients in need of innovative, safe and highly regulated medication -- we would like to proffer an amendment to this committee that we believe is essential for the industry to take the next step forward.**

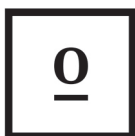
## **MEDICAL CANNABIS INDUSTRY ADVISORY BOARD**

As this Committee is aware, the MMCC was originally created to oversee the distribution of cannabis by academic medical facilities. The Commission then pivoted to oversee a then, non-existent private sector. Since then, a fledgling private sector is now finally maturing; and we strongly advocate that it is time for the industry to have a more formal relationship with the Commission. **Certainly, we understand the Commission plays a very important role to protect Maryland patients and promote a successful medical program. However, we believe there is a strong benefit to the program, certified patients and the state to formally enhance collaboration with the very individuals (licensees) that live the industry day in, day out. Therefore, we propose formally creating the "Medical Cannabis Industry Advisory Board." Including this amendment in any adult use initiative signals a commitment to support the long-term viability and evolution of the medical cannabis industry.**

### **PROPOSAL (see attached amendment for specific language):**

- **Board Creation:** The Medical Cannabis Industry Advisory Board
- **Board Composition:** The Advisory Board will be composed of 9 individuals (2 growers, 2 dispensaries, 2 processors, 2 patients and 1 laboratory).
- **Board Charge:** The charge of the Industry Advisory Board is to report quarterly to the MMCC about recent trends (new research, marketplace dynamics, etc.) to make recommendations to the Commission for consideration, and to review Commission proposals prior to formal action being taken.
  - To the latter point, the proposed language stipulates that the Industry Advisory Board shall receive advance notice of Commission proposals (regulations, rules, bulletins, etc.) and to have the chance to weigh in on those proposals prior to any formal vote. Lastly, any regulatory proposal that is adopted by the Commission (and sent to AELR and the MD Register) shall include the position statement from the Industry Advisory Board.

Notably, states like Massachusetts, Colorado and Nevada have similar advisory stakeholder boards. However, our proposal centers on an industry specific board in order to provide a formal role for the businesses and people that are the most knowledgeable about the Maryland's Medical Cannabis Program (and lack a formal role on the existing Commission already comprised of a wide array of stakeholders) to provide their expertise to the Commission.



## ADDITIONAL CONCERNS IN ADULT USE BILL

### Regulator and Regulatory Structure

Senate Bill 833 proposes to regulate the adult use industry through the Alcohol and Tobacco Commission (ATC) while maintaining the Maryland Medical Cannabis Commission's (MMCC) oversight of the medical program. **For efficiency and safety reasons, an adult use program should fall under the same regulatory paradigm as the medical cannabis program.** With the exception of adult use specific deviations (e.g. limitations on dosage/potency or the application of taxes), an adult use program should reflect the values and regulations of the medical program (security, seed-to-sale tracking, testing, diversion, labeling, advertising, child-resistant packaging, crop protection, etc.). Why would the state allow cultivators and processors in the adult use space to cut corners using a different set of safety protocols or to answer to a different regulatory body? This point is especially pertinent for dual licensees who should not have to manage two sets of rules. **We ask that this committee strongly consider uniformity of regulations -- not just an "attempt to harmonize" the regulations (See pg. 47 line 21).**

### Existing Licensees and Fees

We appreciate that Senate Bill 833, like legislation in other states, sees the value in adding the experience and knowledge of the existing medical cannabis cultivators, processors, dispensaries and independent laboratories to an adult use program – further enhancing the State’s ability to more efficiently, effectively, and safely stand up a new program with existing licensees currently operating under a strict regulatory structure.

**Moreover, we are pleased to see language in SB833 that permits a licensee to redirect up to half of the licensing fee if they host a cannabis business incubator program (See pg. 59 line 19). However, we do believe the state should permit a licensee to redirect the entirety of its licensing fee should it have a cannabis business AND social equity fund.** For example, we have established a \$30MM private equity fund that will provide the necessary capital for up to 50 women, minority or disabled veteran entrepreneurs to open a dispensary franchise. Having those individuals pay exorbitant fees to enter the adult use marketplace only sets them back and undercuts the intent of our initiative (see "280e & Fees" below). **Our program aims to address two major issues in the conversation around minority participation: investment opportunity and access to capital. The fund itself has a robust group of minority investors, many of which are local Maryland business leaders.**

### 280e & Fees

When establishing licensing fees for existing or new licensees, it is important to understand the punitive role that 280e plays within the tax code. **Due to cannabis’ federal illegal status, licenses pay upwards of a 90% effective rate due to their inability to deduct ordinary business expense.** This means that many cannabis companies retain little to no profit relative to their overall revenue. **Until 280e is resolved on the federal and state levels, fees should be attenuated to align with the cash position of licensees.** As the State seeks to be a model of inclusivity in the cannabis industry, understanding 280e and creating non-onerous fee structures will better enable success of diverse participants.



### **Licensing: Number, Size, Ownership**

In addition to the current medical licensees, the current draft of Senate Bill 833 creates an adult use program with up to 50 new grower licenses, unlimited processor licenses and 47 dispensary licenses. While the bill has the noble intent of promoting a diverse industry, the bill as drafted creates issues for all prospective licensees (e.g., risk of oversaturation in marketplace as well as capacity and transfer restrictions which dilutes the value of the business).

**Curio opposes the number of cultivation and unlimited processor licenses being proposed by this bill without first conducting a thorough third-party study of industry demand (e.g., a Blue-Ribbon Commission established by the General Assembly).** An oversupply of product can lead to catastrophic impact on the adult use program -- including on the very social equity applicants that this bill seeks to help. **Oversaturation of product in an adult use program will suppress prices, fuel the illicit marketplace, and create impossible margins for businesses to operate on (particularly without 280e resolved); and in turn, cause a mass exodus from the medical cannabis program by patients who will seek cheaper (even if taxed) products that they can obtain without a doctor's certification and registration card.** Finally, any policy that could undercut the medical program directly harms those minority growers and processors that were just awarded licenses pursuant to HB2 from 2018 -- many of whom are yet to get up and running.

### **Restricting Location and Dual Licensing**

**Senate Bill 833 creates an expectation that an existing medical licensee must utilize their current footprint if they intend to participate in an adult use program (pg. 48 line 30). Curio opposes any requirement tethering the location of adult use to an existing medical licensee's cultivation or processing location.**

Requiring adult use cultivation and processing to take place at the same location as medical cultivation and processing: (1) may negatively impact the existing medical program (forcing some licensees to choose whether to stay in the medical program or abandon it once entering the adult use space if it is more profitable); (2) unfairly harms those existing medical licensees located in certain areas of the state that are more landlocked than others; (3) causes concerns with program overlap and (4) unnecessarily restricts business decisions that could have a beneficial impact on the program and state.

**With the exception of dispensaries -- that require statewide coverage and have territorial market considerations -- cultivation and processing facilities should be geographically agnostic and not tethered to a single location** (this is especially true for medical licensees). Certainly, with respect to a grow (particularly if total canopy is capped), tying a cultivation to a single location (which in effect may force them to pick between indoor or outdoor cultivation) does not benefit the industry or overarching state interests. In that situation, the cultivator should be allowed to locate in the most economically advantageous location in the state. Ultimately, by allowing cultivators and processors more flexibility to spread their operations out, businesses will reduce the cost of production, promote more accessible pricing and foster job creation that is diverse both socially and geographically.



## Existing Medical Program

**Senate Bill 833 advocates for the continuation of the current medical program by existing licensees and we applaud this measure. However, there is a lack of clarity on how the program and its patients will be protected and preserved. As you will find in many adult use states, product availability often has dosage and/or delivery constraints.** For example, in Colorado’s adult use market you may only possess or use one ounce of flower and for manufactured products the limit is eight grams total of concentrate and edibles containing no more than 800mg per package. In Massachusetts, edible products are limited to 5mg per piece with a maximum of 20 pieces per package for a total of 100mg per package.

It can be argued that medical conversion to adult use is analogous to a prescription drug versus over-the-counter medication and regulations should follow accordingly. Allowing medical market to retain higher potency products and diverse delivery methods to support patient needs. **Any effect of the adult use program that makes manufacturing, processing and dispensing medical cannabis less attractive will undoubtedly undermine access and increase expense for medical patients. Keeping patients incentivized to enroll in the program should be of paramount importance and consideration!**

Moreover, while we appreciate the provision in the bill granting the Commission the authority to prohibit access to the adult use industry without a licensee first submitting a plan to ensure they will not be “increasing prices or reducing product availability”, the language is broad, vague and does not account for market dynamics (pg. 48 lines 14-17). **A better approach to protecting patients and the integrity of the medical program may be to consider a penalty for existing licensees who are awarded adult use licensing only to leave medical behind to the detriment of patients and licensees committed to medical program. Meaning if a dual licensee abandons medical, they have to relinquish their adult use license.**

In considering adult use, the State must seek to find more ways to incentivize the existing medical market. **Moreover, the medical program by its nature seeks product innovation for specific physical ailments and requires unfettered ability to determine dosage amounts and forms to treat those ailments. If the medical program is not protected from the adult use program then the motivation to invest in new medicinal products is greatly diminished. The program was established with an eye toward creating alternative medicine. That is, and has been, Curio’s strategic focus. And the patient has rewarded Curio by acknowledging its quality and patient focus through market leadership. The Committee should consider patient needs and assuring the continued innovation and accessibility of this alternative medicine as it crafts its adult use program.** Otherwise, Maryland will fail to be any better than other states that blindly converted to adult use, or worse of all becomes Oregon 2.0.

## Taxation

Senate Bill 833 contemplates a scale up of excise tax from 10% to 20% (over five years) and the potential for a local sales tax of up to 3% on adult use cannabis products. **Most notably, Curio supports the provision of the bill which requires the collection of all taxes to take place at the point of sale to the consumer.** In addition to generating revenue to the state, any tax rates imposed on adult use cannabis



products must also factor in the impact on preserving the medical market (ensuring patients remain incentivized to enroll in the program) and preventing the proliferation of product on the black market.

As it relates to preserving the medical market, Maryland has made the correct public policy decision not to tax medical cannabis and to treat it like all other forms of medicine in the state. That public policy decision preserves the quality and authenticity of Maryland's medical cannabis program. But that decision is easily compromised by an adult use program that does not impose meaningful enough tax rates on product or an adult use program that lacks the necessary controls and licensing structure in place to prevent the oversaturation of the market (which will drive adult use prices down). Maryland must preserve the incentive to keep medical patients enrolled at or close to the current rates or it risks undercutting the medical program and depriving patients from innovative medicine -- created from the meaningful and substantial investment of constant research and development.

### **Home Grow**

**Curio strongly opposes provisions of SB833 that authorize home grow (See page 5-601.3 beginning on page 20).** Permitting home grow in the state directly contradicts the purpose of Maryland's medical cannabis program. A program designed to deliver cannabis safely and effectively within a highly regulated environment. Allowing home grow without stringent oversight jeopardizes the health and safety of Marylanders, enables the illicit marketplace, undercuts the medical program as well as any prospective adult use program. Before even considering home grow, Maryland should first establish a well-regulated marketplace that promotes the health, safety and well-being of its citizens and the long-term viability of program participants.

### **Conclusion**

If Maryland decides to adopt an adult use system, Curio Wellness would like to lend its experience as industry leader in the medical market to help develop a diverse, successful and economically viable program. We appreciate Senator Feldman's efforts to make this possible.

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