



Carrington & Associates, LLC

“Continuing A Tradition of Excellence”

HB1317 – Medical Cannabis – Dispensary Grower and Processor License – Carrington & Associates, LLC - SUPPORT

Madam Chair, Madam Vice-Chair and Members of the Committee. My name is Darrell Carrington, here on behalf of Carrington & Associates, LLC. I am here to testify in SUPPORT of HB1317. First, I would like to thank Del. Ivey for his vision and understanding of this very important issue.

We have a crisis in our medical cannabis program on many fronts. That is not a criticism of the Commission itself; I have had the privilege of working with some very dedicated professionals that work tirelessly to make Maryland’s program the best it can be. I have even written an Op-ed in support of the Commissioners several years ago. In many instances, the Commission’s hands are tied, and they are only able carry out the directives of the General Assembly. I am sure we can concede that they have not always been given the tools that they need to do the job to the intent of the Legislature. This bill will be a small step in addressing some of those shortfalls. The Commission is acutely aware of the product shortage in the marketplace and the complaints from the independent dispensaries.

For those unfamiliar with the program, we have licensees that are vertically integrated; meaning they have one license of each type – grower, processor and dispensary. The original law intended for no entity to have more than that number of licenses, as the Body feared creating monopolies and having “Big Cannabis” in Maryland. Fast forward to Sine Die 2019 and the passage of SB426 which was requested by one of the large integrated groups. That single bill **forever** changed the landscape in Maryland’s marketplace. These newly formed conglomerates are providing product to their chain, however, they cannot or will not make quality products available to the remaining independent dispensaries that are not affiliated with a conglomerate. Many of the independent dispensaries I have spoken with believe this is a sinister ploy to either have them sell out to the conglomerates or go out of business altogether. This is not what the General Assembly intended when you created this program.

It is also very important to realize that the independent dispensaries are the **only group of diverse license holders** in the industry. Moving this bill forward not only saves these

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businesses, but immediately increases the number of minority-owned firms that will have grower and processor licenses in Maryland.

Finally, there are fairytales being told about the intent of the original medical cannabis legislation. Basically, the number 15 for growers' licenses was not based upon anything more than folks stopped arguing with one another when that number was reached. Look up the original bill, it shows the progression from 3 licenses, to 5, to 10, to where we settled at 15. We were supposed to have an unlimited amount of processor licenses, allowing the free market to decide fates. Same with the dispensaries, a sufficient number of licenses so that all areas of the state were covered, and the best would succeed. The original bill respected the investment that these original licensees would need to make and therefore, the language in the bill stated that the Commission would do a market analysis in 2 years to determine the actual number of grow and processing licenses necessary to keep up with our supply and demand. At the time, it was thought that this would give the original licensees at least 2-3 years before they faced any competition in the marketplace. By 2018, everyone seemed to get amnesia.

There is no industry that we protect in this manner, it is truly un-American. The free market has made us the envy of the free world. The problems what we have had in the program stem from government putting its thumb on the scale and picking winners and losers instead of calling balls and strikes. The differences in scoring for those that were awarded versus someone that came in 50th place was 0.7, let that sink in, there were 48 other applicants between number 1 and number 50, with a total difference of 0.7 in total. That is not defensible. Lastly, we also hear of "side deals" that were made to keep the number of growers and processors at 15. If that is the case, that is illegal, and we certainly do not recognize nor reward such brazen violations of our laws and ethics statutes.

I am aware that many are uncomfortable discussing and moving forward on bills within this space. We must remember that we have a responsibility to our fellow citizens and those that have invested hundreds of thousands of dollars to get their businesses up and running in Maryland to do something to move the program forward. This bill will not solve all of the programs within the program, but it does address a very specific problem that no other bills proffered that we have reviewed, have addressed.

For the foregoing reasons, I respectfully ask for your FAVORABLE report on HB1317.

Please contact me directly at the number or email address below if you have questions or need further information.

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