

Trilogy Wellness of Maryland, LLC

9291 Baltimore National Pike, Ellicott City, MD 21042

MMMC Dispensary License #D-1800010

Testimony from Herman Dust, Trilogy Wellness President

SB 708 - Adult Use Legalization

Senators and Esteemed Colleagues:

Thank you for the opportunity to comment on the proposed Bill to establish adult-use cannabis in Maryland.

We applaud the inclusion of dual licensure that uses our existing expertise and infrastructure to fast-track the availability of product and revenue for the state. The position of Trilogy Wellness of Maryland is support with amendments.

Tax Rate:

The position of Trilogy Wellness is that the Tax proposed rate itself is fairly reasonable. A progressive tax rate that increases over time is based on market assumptions and customer assumptions that may not reflect the reality of the actual market in Maryland. It assumes that market prices decrease over time, which is not guaranteed, and we have seen the consumers are sensitive to prices in the medical market. It also assumes consumers will not choose to leave the legal market when the price to them does not decrease over time. A reasonable tax rate means more people will be incentivized to transition into the legal market, thereby shrinking the illicit market. More people participating in the legal market will result in higher tax revenue for the state, rather than a higher tax rate. In the Maryland medical market there is already competition with the DC market, which would show that market prices should not be expected to necessarily decrease over time.

One item to note-the proposed language in the tax section is also not clear - is this meant to be excise or sales tax?

Local authority:

The position of Trilogy Wellness is that including the local authority may slow down the licensing process significantly.

Regulatory body:

The position of Trilogy Wellness is that the same regulatory body should oversee both the adult use and medical program, regardless of the regulatory body chosen. Having more than one

regulatory body would add a level of complexity that is unnecessary, while increasing operating costs significantly for cannabis businesses with dual-licensure. Trilogy Wellness supports the adoption of medical regulations for the adult use market in all areas that make sense. We believe strongly in the medical efficacy of cannabis and believe that medical regulations are appropriate in some instances. As a business we are open for any lawmaker to visit us and we will be happy to discuss further and open our books for review.

Low tier cultivation licenses for unaffiliated dispensaries:

The position of Trilogy Wellness is that small cultivation licenses will create stability in product availability. Dispensaries should have a small number of strains that consumers can expect to find consistency at that facility. Additionally, allowing licensees to produce small amounts of flower product will help stabilize prices in the market and make more affordable products available to consumers and dispensaries overall. Allowing small cultivation licenses will also ensure a more equitable distribution of flower across the market.

In the case of Trilogy Wellness, our dispensary continues to experience shortages in available and consistent flower product in the medical market. Most small dispensaries that are unaffiliated with growers are unable to source enough flower for the demand of their patient and customer bases and consistency of strain availability and this is an on-going problem.

Additionally, early granting of these licenses will help us manage any potential impact to our medical patients as we implement adult-use.

Equitable treatment for all license categories:

The bill legislates how the application must appear for retailers only, but no other kinds of licenses. We would request that all license categories be treated similarly, which means including a similar, specific scoring system in the bill for cultivators and processors or changing what is currently in the bill for dispensaries to match the less prescriptive language for cultivators and processors.

Ownership caps and Geographic spread of dispensaries.

It is the position of Trilogy Wellness that the ownership caps should be similar to medical program (1-1-4) with inclusion of language currently in the medical program. The geographic spread of dispensaries is important and the proposed 47 is a reasonable number.

Additionally, we support an amendment to establish equitable treatment for existing licensees should their local jurisdiction opt out of adult-use cannabis sales. Choice of a location in another jurisdiction is needed if this should occur.

Thank you for your consideration of these amendments.

Herman Dunst, President Trilogy Wellness of Maryland