

Chair Wilson and Members of the House Economic Matters Committee:

I am writing to you as a concerned business owner and manufacturer in the hemp industry. I am the owner of Derived Creations, LLC out of Harford County, Maryland. Derived Creations manufactures gourmet edibles for retail locations not only in the state of Maryland, but across the country. Our expertise is focused on caramel and taffy confectionary products and we have a 5-year track record within the industry, which all started out from 5-course infused dinners we would curate for special events at homes.

As the company began growing, our focus shifted to impacting more business owners and consumers by offering ready-made edibles with a longer shelf life. We have invested hundreds of thousands of dollars into the business since 2018 to build a brand. Our largest purchase within the past 90 days was a \$50,000 wrapping machine that will streamline our processes and allow us to produce our product with much more efficiency. This investment was structured in our scaling and growth plan that will never get products to store and customers more quickly because of this bill. Also, since 2022, we have been working with an agent to find a flex space location to triple our current space size so we can continue to grow within our beloved home state of Maryland.

Our company is not only concerned for Maryland based businesses and consumers that will be affected by this bill, but also the thousands of retail location and 10's of thousands of consumers across the country. Maryland-based manufacturers will no longer be able to operate within the state, which will either close the business permanently or force a relocation to another state. Jobs and families will be displaced from this, and thousands of tax-paying employees will no longer have work within the industry, just like our employees.

Our entire company took the morning of November 8th off to go vote for the legalization of cannabis in the state of Maryland, but now our employees have found out the job they use to feed their families with is now in jeopardy because of that legalization.

I am writing you to express my deep concerns about the proposed language in the Cannabis Reform Act, HB0556, that aims to lower the acceptable Delta-9-Tetrahydrocannabinol concentration below the federally threshold of 1% on a dry weight basis (§ 36-101 (C)(1); Page 18 line 19), to ban "cannabinoid products not derived from naturally occurring biologically active chemical constituents" (§ 36-1103(2)(B); Page 70, lines 8-10), and to place a cap on THC at 0.5mg per serving and 2.5mg per package for those without a recreational cannabis license. (§ 36-1103 (A)(1); Page 69, lines 23-27).

This language is not only misleading, but it would render hundreds of products that are currently protected under federal law illegal. As written, this bill would have a devastating impact on the hemp industry in Maryland and would result in the closure of hundreds of family-owned, small, and minority owned businesses like mine. It would destroy an industry overnight without any input from industry participants. Again, the impact would have a ripple effect across the entire country when manufacturers also have to close.

The Hemp Industry in Maryland has worked hard to create common sense regulations for these types of products in accordance with the recommendations from the Maryland Medical Cannabis Commission's study group that was formed last year to study these products specifically. We stand ready to support amendments that would protect public safety as well as the industry's ability to participate in the free market. We want regulation, but we do not want to lose our businesses which are protected by federal law due to the implementation of the recreational cannabis industry. A collaborative effort between the hemp and cannabis industry can and should exist as that is what is best for our industry as well as what is best for the consumers of these products.

Most people who purchase these Refined Hemp Cannabinoid products are buying them specifically because they have tremendous therapeutic benefits and do not create the long lasting intense "high" produced by recreational cannabis. Our industry serves a different customer. In addition, the prices of these products are much less expensive than what is

currently offered by the medical marijuana dispensaries and allow those who are economically disadvantaged to be able to purchase products that improve their daily lives at a fraction of the cost. We are a resource to many underserved communities. The hemp industry in Maryland requests that **§ 36-1103. 2(B) "A PERSON MAY NOT SELL OR DISTRIBUTE A CANNABINOID PRODUCT THAT IS NOT DERIVED FROM NATURALLY OCCURRING BIOLOGICALLY ACTIVE CHEMICAL CONSTITUENTS"** be struck and regulatory language be amended into the appropriate section of this legislation.

In addition, the proposed cap on THC at 0.5mg per serving and 2.5mg per package without a legal cannabis license (§ 36-1103 (A)(1)) will make it impossible for small hemp businesses to comply. Manufacturing companies would not have the ability to sell any products worth buying anymore for compliance and therapeutic effects anymore.

This legislation would have a profound impact on the hemp industry in Maryland and would result in the closure of hundreds of small family-owned businesses of which over 30% are minority owned. There is already a real climate of social equity in the hemp industry that would be eradicated by this original language as written. The proposed THC cap, in particular, would render all hemp full-spectrum CBD products illegal, despite their federally legal status and widespread consumer use. Currently these products are even being sold in grocery stores and pharmacies across the state.

Establishing limits like these on any products containing cannabinoids should be based on science. Given the past prohibition of hemp and cannabis in general, we lack the important research needed to make these science-based determinations. Making these determinations at this point would be pure speculation. Full-spectrum CBD products contain trace amounts of THC, below 0.3%, which is considered to be within the legal limit under federal law. However, this proposed cap of 0.5mg per serving and 2.5mg per package would effectively move the threshold to 0.05% and make these products significantly less effective and illegal, removing them from the free market and limiting consumer choice by forcing consumers to buy them

from an adult use cannabis facility as opposed to a CBD specialty store, pharmacy, or grocery store.

The fact that these adult-use cannabis licenses will not be available until next year only adds to the hardship faced by our small businesses. This bill would not only shut down many businesses, but it would also remove their ability to build the capital needed to get involved in the adult-use cannabis industry which would be required to continue offering these products in accordance with the law. This language as written would force hemp businesses to participate in an industry that many of them do not want to participate in. The hemp industry plans to stay in business during and through the implementation of recreational cannabis. The launch of Adult-Use Cannabis will not render us an obsolete industry as our customer base is much different from the traditional marijuana user. We plan on being here to stay.

Furthermore, this legislation would criminalize a federally legal industry while legalizing a federally illegal one, making it an ill-advised approach to the issue. This language would further consolidate the cannabis industry and destroy the small business community in the hemp industry which I'm sure is not the intention of the legislature. We ask that language in (§ 36-1103 (A)(1); Page 69, lines 23-27) which aims to place a cap on THC at 0.5mg per serving and 2.5mg per package for those without a recreational cannabis license be amended to mirror the federal law which limits these products to 0.3% of Delta 9 THC on a dry weight basis. This amendment will ensure that the hemp industry in Maryland can continue to thrive and not be placed at a disadvantage when compared to other states. Please do not kill our industry that we worked so hard to build. The intent and goals behind the implementation of the recreational cannabis industry would still be accomplished without the need to crush our industry in the process.

I urge you to reconsider the language in this bill and to consult with the industry before enacting legislation that would have such a damaging impact on small and minority-owned businesses.

Thank you for your time and consideration.

Sincerely, Damian Mancuso, *Owner of Derived Creations*

Proposed Amendments to HB556

Page 18, line 19: **(C) (1) A DELTA-9-TETRAHYDROCANNABINOL
CONCENTRATION GREATER THAN [0.3%] 1% ON A DRY WEIGHT BASIS.**

Page 69, lines 24: **(A) (1) ~~[0.5 MILLIGRAMS OF TETRAHYDROCANNABINOL PER
SERVING OR 2.5 MILLIGRAMS OF TETRAHYDROCANNABINOL]~~ 1% DELTA-9-
TETRAHYDROCANNABINOL ON A DRY WEIGHT BASIS UNLESS THE PERSON IS
LICENSED**

Page 70, Line 8, STIRKE : **~~[(B) A PERSON MAY NOT SELL OR DISTRIBUTE A
CANNABINOID PRODUCT THAT IS NOT DERIVED FROM NATURALLY
OCCURRING BIOLOGICALLY ACTIVE CHEMICAL CONSTITUENTS.]~~**