

Herbiculture Inc.
4009 Sandy Spring
Road, Unit 101,
Burtonsville, MD, 20866
2/15/2023

Written testimony in support of HB0556 – Cannabis Reform with Amendments

Dear Chaman Wilson and Chairwoman Atterbeary,

I want to begin by thanking you for holding this hearing! My name is Venus Hemachandra, and I am one of the owners of a minority and woman owned medical cannabis dispensary in Burtonsville (District 14) and an awardee of a pre-approved Cultivation and Manufacturing license as part of HB2 round of licensing. As a social equity licensee, I want to commend you for ensure that there are provisions for folks that are disadvantaged to have opportunity to get into this industry. There are few provisions that I would like to highlight that may hinder the existing social equity licensee and any upcoming licensees.

Canopy Caps:

I appreciate the contemplation of canopy caps on the existing cultivation and any upcoming licensees to 300,000sqft of canopy. I'm concerned that this is a very large cap that would lead to saturation of the market and leave no place for new entrants, despite the cap on canopy for existing licenses until 2026. For instance, Massachusetts currently has a 100,000sqft cap for a combined medical/AU market, and it is already in an oversupply situation. We propose to amend this provision to include a cap of 100K or 150K square feet. This would allow the market to be more diverse and allow incoming players to succeed and have a chance to grab market share.

Transfer Fee

As an existing dispensary licensee who is barely breaking even, it would be a huge burden on licenses to have a transition fee that is this large. I've spoken to others colleges in the industry and that position is shared among many of us. I would recommend that there would be a flat fee, similar to the existing medical licensing fee that is fair and not put us into a position where we would have to take out additional debt (if that's even possible in this market) to convert the license. I would also recommend that there would be some sort of payment plan so that we have the opportunity to pay that transfer fee. I understand the allowance of the existing licensees to participate in addition to curb the illicit market, but if a majority of the licenses cannot pay this fee, this effort would be in vain.

Licensing rounds

Maryland has done an amazing job ensuring that it keeps the finger on the pulse when it comes to demand and supply. I understand that that's the intent here as well. However, having 2 rounds of licensing so close together, without allowing the first around of licenses to be operational would further deprive the social equity round of licensees. As a HB 2 licensee who's still not operational due to the multitude of hurdles that handcuff us from becoming operational, I can speak first hand to this. Please consider allowing the licenses to get operational and providing the support the social equity licensees need to become successfully operational before opening a new round of licenses.

Transfer restrictions

I fully understand the need to have transfer restrictions in order to keep this space diverse and in the hands of minority and independent businesses, among others. I believe 5 years is a very long time to have such a restriction given how quickly the industry landscape changes in cannabis. I've been operational for 5 years already, and in full transparency, I wouldn't be able to survive if we weren't given the opportunity to serve the adult use market. We have patients that have been coming to us for those 5 years. It is very much our intent to run this business as successfully and as long term as we can, however, if we're unable to keep the business open, due to the large burdens faced within the cannabis industry, we should have the opportunity to transfer ownership to try and recover the money and savings that we have put in to keep this business operational. It would keep the business open for folks that have been coming to us since day 1. I ask that you consider a 2 or 3 year restriction that would still allow sufficient time for social equity and minority licensees to succeed.

Lounge and Incubator licenses

I believe there should not be any restriction on ownership of these classes of licenses if you already own a cannabis license. These were license classes that are completely new and it's unfair to not allow existing businesses have a chance to operate one of these licenses.

Thank you again for one of most well thought out and comprehensive cannabis bills that have been put forward. I hope you take into consideration some of the points raised here to ensure that there are no unintended consequences to the good that you are trying to accomplish!

Sincerely,

Venushki Hemachandra

Herbiculture Inc.

CEO/Owner