



Written Testimony for Derek Spruill, Co-Founder of Cherry Blossom Hemp.

March 27th 2023

Economic Matters Committee

Honorable C.T. Wilson, Chair

Honorable Brian M. Crosby, Vice Chair

Dear Chair Wilson, Vice Chair Crosby and Esteemed Members of the Economic Matters Committee,

We at Cherry Blossom Hemp are writing to express our support for the regulation of refined hemp cannabinoids through the Alcohol, Tobacco, and Cannabis Commission (ATCC) as outlined in HB1204 with the sponsor amendments. As members of the hemp industry, we understand the importance of responsible regulation in maintaining public safety while fostering a favorable business environment. We are a small minority owned Maryland based business, We believe in Maryland and the possibility for our state to become a national model for cannabis and hemp programs. We strongly emphasize the need for collaboration between the hemp industry and the state to properly regulate refined hemp cannabinoid products during the rollout of the adult use cannabis industry in Maryland.

Refined hemp cannabinoids have become the most significant part of the hemp industry both statewide and nationwide, with an estimated 70% of the entire hemp industry depending on these products. Hundreds of small businesses rely on these products, including our farmers who are producing hemp that is being sold to brokers who then sell the raw ingredients produced by Maryland farmers to producers of refined hemp cannabinoid products.

Our industry is massive with over \$300 million in product sales through our state. The economic impact of this industry cannot be overstated. We have attached an economic impact report to this testimony and believe it is extremely relevant for understanding why we support HB1204 and would like to work in a collaborative fashion with the state. There is a common misconception that the authors of the 2018 Farm Bill only wanted hemp to be used for seed and fibers. That can be disproven by simply reading the text of the bill in which they explicitly mention all **derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers**, whether growing or not, with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis." There would have been no need to include these points if they did not intend for hemp to exist as a cannabinoid based industry as well as create opportunities for seed and fiber to thrive in the future. These refined hemp cannabinoid

products deserve to be available to the public as many people purchase them for their less intense intoxicating effects and their tremendous therapeutic potential, but they must be regulated and safe and that is why HB1204 is such a crucial piece of legislation.

This lack of regulation within the industry has allowed bad actors to enter and create subpar products. We do not support these businesses. We do not support the underage sale of these products. We do not support selling products that have not been tested by ISO certified, DEA registered 3rd party laboratories. We do not support any packaging that is not child resistant or is attractive to children and that is why we are begging the committee for regulation and oversight so that we can stay in business as an industry and operate responsibly. HB1204 addresses every one of these issues and so much more including effective remediation standards for our farmers which will increase production and be a lifeline to the struggling agricultural side of our industry which has been badly affected by regulations that are not in line with the USDA's standards for hemp production and remediation.

These regulations in HB1204 are in line with the recommendations that came from the Maryland Medical Cannabis Commission's legislative report on Hemp-Derived Non-Delta-9-Tetrahydrocannabinol Products. The Commission's report outlined their concern regarding the "levels of intoxication from unregulated products, ability for youth to access products, lack of standardization across packaging and labeling and testing for product potency and purity, unfounded therapeutic claims, lack of manufacturing best practices and other public health implications." Members of the MHAA and the MHC participated in the study group that assisted in developing this report and we believe that these concerns are well-founded, and the established regulatory structure in HB1204 addresses these concerns while increasing consumer safety and eliminating bad actors from the marketplace.

Unfortunately our industry has been, since its inception, a constant target of coordinated attacks from the cannabis establishment using intentional misinformation which has done irreparable damage to our industry. They are fully committed to destroying our businesses and keeping us out of the cannabinoid side of the industry to further consolidate the industry in their favor. We believe that the Md Hemp industry and the Md Cannabis industry can not only co-exist but also learn from one another, help one another's business interest as well as serve as a collective solution for MD cannabis & hemp consumers. These industries should co-exist as support arms for one another, not competitive forces. This is why we are eager to work with the state in creating regulations around these products and we believe that the ATCC is the best governing body to regulate the refined hemp cannabinoids industry. The ATCC has the expertise to ensure that public safety is maintained while also fostering a favorable business environment and we are eager to support them.

As members of the hemp industry, we stand ready to support the state in their desire to edge out bad actors and subpar products. We want to be able to operate in a well-regulated industry. Our farmers are prepared to grow and supply the market, our processors and manufacturers are ready to process and aid in the creation of products, and our retailers are ready to convert their hemp specialty stores into fully regulated points of purchase. We believe that by collaborating

with the hemp industry, we can ensure public safety while encouraging the growth of small and minority-owned businesses in Maryland.

The regulation of refined hemp cannabinoids through the ATCC will encourage a more comprehensive approach to the regulation of the cannabis industry in Maryland. It will promote the development of a transparent, and accountable industry that meets the needs of Maryland residents while also providing opportunities for economic growth. Collaboration with the hemp industry will ensure that this process is smooth and beneficial for all parties involved.

We appreciate the committee for working to establish the incoming adult-use cannabis industry. We know it is very difficult work and your efforts and commitment to this cause are not lost on us. We thank you for the work you are doing to end cannabis prohibition in our state. We are just simply asking for prohibition to end for the entire plant and for all parts of the plant to be regulated the same way. Hemp and Cannabis have more similarities than they do differences as the only difference between them is the concentration of Delta 9 THC. We desire to see this plant and all products created from it be as safe as possible and accessible to all adults 21 and older.

Additionally, I share your concerns about the inevitable supply chain issues and the potential boom of the illicit market in the rollout of this Adult Use industry which leads to arrests and violence particularly in underserved communities. As someone who grew up in that environment as an undocumented immigrant, brought to the US as a baby, and had my life basically destroyed by cannabis charges as a juvenile which had me labeled as a criminal for most of my young life and contributed to my inability to acquire a green card until I was 26, I personally identify with that concern. However if our regulations are not adopted, we may see even more illicit sales as the demand for these refined hemp cannabinoid products will not disappear. Therefore, as members of the hemp industry, we stand ready to support the state in their desire to curb illicit sales by supporting the regulation of these products through the ATCC and a collaborative effort to work with the hemp industry to address major issues this incoming industry may have. We are ready and willing to help.

We know that many members of this body want to see these types of products sold only through licensed adult use cannabis facilities, we can understand why the state would want that as some of these products do in fact produce intoxicating effects, albeit much less potent than adult use cannabis. However if that is how the state chooses to address this issue, then it would only be fair if hemp businesses were given a seat at the table in the same way the medical cannabis companies are. Our small and minority owned businesses are ready and willing to participate in order to stay in business. We simply do not want to be edged out of the industry that we built and watch the products that we created be given over to the cannabis establishment without a guarantee of participation in that industry. We can pay into the cannabis fund and convert our businesses into licensed cannabis facilities in order to be able to remain in business and not be destroyed. We created these products, and we invested heavily in the production of them. These are lawful hemp products and it isn't right to treat them any differently than you would any other regulated product. If the state chooses to only allow these products to

be sold through the Adult Use market and is willing to allow for hemp businesses to convert to cannabis businesses, we can be a resource to the state in many ways. Our farmers and processors can assist with supply issues and our CBD/Hemp specialty shops can help to curb illicit sales by offering more points of retail sales. We are well versed in this industry and have the capital required to become operational quickly without the need for any state funding. We only ask that the state view us as potential partners in collaboration instead of a problematic industry needing to be destroyed.

The state of New York almost got it right. They allowed for their hemp farmers to begin producing cannabis for their recreational market, but they stopped short. That is why the illicit market became so big in NY so fast. If they would have looked at the entirety of their existing CBD/Hemp businesses including their retail stores and considered licensing them as well, they could have prevented the many unlicensed businesses that have popped up across their state and increased the flow of products to consumers while supporting small and minority owned businesses. If the state of Maryland would regulate their hemp industry through the ATCC and regulate the refined hemp cannabinoid products properly through that agency, we could set a standard that other states could model that truly prioritized social and economic equity as well as safety and security.

We are confident that the regulation of refined hemp cannabinoids through the ATCC will provide a framework for collaboration between the state and the hemp industry and help to create a sustainable and responsible industry that benefits all Maryland residents. We believe that the ATCC is the best body to regulate the industry, and we stand ready to support the state in their rollout of adult use cannabis by working with the ATCC to regulate these products.

In conclusion, we believe that the regulation of refined hemp cannabinoids is crucial to our industry and to our state. We support HB1204 and encourage the committee to consider our testimony. We believe that the regulation of refined hemp cannabinoids through the ATCC will provide a framework to protect public safety and encourage small business growth. The economic benefits of this industry cannot be overstated, and we encourage the committee to look at the hemp industry as a resource for collaboration instead of a problem needing a solution. We stand ready to support the state and look forward to finally being able to operate our businesses in a well-regulated industry so that we can provide great products and service to our customers while working collaboratively with the state to push the hemp and cannabis industries forward together.

Thank you for your time and consideration,

Nicholas Patrick  
Maryland Healthy Alternatives Association

# Amendments to Hemp Farming Program bill HB1204

14-101.

- AMEND Page 2, Lines 17-19: ~~(I) ACIDIC FORMS OF CANNABINOIDS EXTRACTED~~  
**PROCESSED** IN A COMMERCIAL KITCHEN, INCLUDING  
TETRAHYDROCANNABINOLIC ACID AND CANNABIDIOLIC ACID;
- ADD Page 2, Lines 20-22:
  - (II) HEMP-DERIVED FIBER, GRAIN, OR TOPICAL PRODUCTS; ~~AND~~
  - (III) HEMP-DERIVED FEED PRODUCTS [ . ] ; **AND**
  - (IV) **HEMP-DERIVED BIO-FUELS AND BIO-PLASTICS**

14-301.

- ADD Page 3, line 5: **(C) “COMMISSION” MEANS THE SAME AS DEFINED IN 1-101.**  
**ARTICLE-ALCOHOLIC BEVERAGES** (as defined in SB0516/HB0556)
- AMEND Page 3, line 6: ~~[(C)]~~ **(D)**
- AMEND Page 3, line 8: ~~[(D)]~~ **(E)**
- AMEND Page 3 line17: ~~[(E)]~~ **(F)**

- AMEND Page 3, line 18: ~~[(F)]~~ (G)
- AMEND Page 3, lines 22-28:
  - (I) CANNABIDIOL (CBD);
  - (II) CANNABIDIVARIN (CBDV);
  - ~~(H-III)~~ CANNABICHROMENE (CBC);
  - ~~(III-IV)~~ ~~CANNABIELSOIN~~ CANNABICHROMIVARIN (CBCV);
  - ~~(IV-V)~~ CANNABIGEROL (CBG);
  - ~~(V-VI)~~ ~~CANNABICYCLOL~~ CANNABIGERIVARIN (CBGV);
  - ~~(VI-VII)~~ CANNABINOL (CBN);
- AMEND Page 4, Lines 1-2:
  - ~~(VII-VIII)~~ ~~CANNABICITRAN~~ DELTA-9-TETRAHYDROCANNABINOL ( $\Delta^9$ -THC); ~~OR~~
  - ~~(VIII-IX)~~ ~~CANNABIVARIN~~ TETRAHYDROCANNABIVARIN (THCV) [ . ] ; OR
  - (X) THEIR ACIDIC FORMS, INCLUDING BUT NOT LIMITED TO CANNABIDIOLIC ACID, CANNABIGEROLIC ACID, and TETRAHYDROCANNABINOLIC ACID.
- NOTE: These changes to the list above reflects the 9 major cannabinoids and their acidic forms most commonly found in hemp.

14-303.1

- AMEND Page 4, Lines 18-20: (C) ~~THE DEPARTMENT~~ COMMISSION MAY CONDUCT AN ANALYSIS OF A SAMPLE OF REFINED HEMP OR A HEMP EXTRACT PRODUCT AND THE ASSOCIATED LABEL TO ENSURE THE PRODUCT:
  - NOTE: The MMCC, through the summer study, stated that the “Commission” or the newly created ATC (Alcohol, Tobacco, and Cannabis Commission) would be best suited to regulate these products.

14-303.2.

- AMEND & ADD Page 5, Lines 1-2: (A) ~~THE DEPARTMENT~~ COMMISSION SHALL ESTABLISH MINIMUM PACKAGING AND LABELING REQUIREMENTS FOR REFINED HEMP AND HEMP EXTRACT PRODUCTS [.] ; A QR CODE, OR SIMILAR TOOL, MAY BE USED IN LIEU OF LABELING REQUIREMENTS ON THE PHYSICAL LABEL’S

## INFORMATION PANEL FOR ALL REQUIRED INFORMATION.

- **NOTE:** Some product labels do not contain enough real estate to hold all of the information required and a QR could be used to provide a link to a web page where this valuable information to the customer could be obtained.
- **STRIKE OUT ALL OF 14-305.1 starting on page 7, line 1 and ending on page 8, line 13.**

14-306.

- AMEND Page 8, lines 24-26: **(3) A RETAILER LICENSE THAT ALLOWS A PERSON OR ENTITY OPERATING A BUSINESS TO SELL DIRECT TO THE CONSUMER REFINED HEMP [~~AND HEMP EXTRACT~~] PRODUCTS;**
- AMEND Page 9, lines 1-3: **(5) AN INDUSTRIAL LICENSE THAT ALLOWS A PERSON TO PLANT, CULTIVATE, GROW, HARVEST, DRY, AND PROCESS HEMP GROWN AS AN AGRICULTURAL CROP FOR GRAIN [~~OR~~], FIBER CONTENT, AND BIO-PRODUCTS.**
- AMEND Page 9, lines 12-15: **(D) (1) THE ~~DEPARTMENT~~ COMMISSION SHALL REQUIRE AS A CONDITION TO THE ISSUANCE OF A RETAILER LICENSE UNDER THIS SECTION THAT A PERSON SIGN A DECLARATION STATING THAT THE LICENSEE WILL NOT SELL REFINED HEMP [~~OR HEMP EXTRACT~~] PRODUCTS TO AN INDIVIDUAL UNDER THE AGE OF 21 YEARS.**
  - **NOTE:** CBD products, also known as hemp extract products, have been safely used by individuals under the age of 21 years. They do not create any intoxicating effects and support mainly natural healthy functions of the body. They are currently sold in grocery stores and wellness shops and should not be held to the same regulations as “Refined Hemp Products”.
- AMEND Page 9, lines 16-18: **(2) A RETAILER LICENSE HOLDER THAT SELLS REFINED HEMP [~~OR HEMP EXTRACT~~] PRODUCTS IN VIOLATION OF PARAGRAPH (1) OF THIS SUBSECTION IS SUBJECT TO THE PENALTIES UNDER § 10-108 OF THE CRIMINAL LAW ARTICLE.**
- AMEND Page 9, lines 28-29: **(3) (I) AN INDUSTRIAL LICENSE HOLDER, IF FOUND IN VIOLATION OF THE SIGNED DECLARATION, MAY NOT DESTROY A HEMP CROP WITHOUT DEPARTMENT NOTIFICATION.**
  - **NOTE:** Using hemp as a cover crop, which is found to be beneficial to the soil, requires the farmer to till-in the hemp crop into the soil. This might be considered “destroying” the crop. We want to ensure that this is clarified and can not be misconstrued.