

Delegate Wilson, other members of the committee. Thank you for allowing me to testify on HB556. I support this bill with amendments.

I am a dispensary owner/operator in Greenbelt, Maryland that opened in April 2020 during the height of the pandemic. We are a majority minority-owned company and have faced numerous challenges to get us opened and operational.

Although we are excited for adult-use cannabis, we are concerned about a few things that will continue to provide us challenges to run and grow our business. Here are a couple of issues:

1) Conversation Fees

Most of the dispensaries including us gross between 1-5M/year, so the conversion fee will be \$250k. With almost 60% COGS, 15% labor, operating expenses, and hefty 280e taxes, dispensaries do not make much profit. Expecting dispensaries to pay \$250k is unrealistic when many are only open couple of years and are still paying off loans and tax liabilities. It's not guaranteed that we will all make an extra 250k in profits to offset this costs to give us that one-year advantage over new licensees being awarded.

Missouri voted on Adult-use the same day as Maryland, have their program already live, and their conversions fee was \$2000/license: <https://health.mo.gov/safety/cannabis/facility-conversion.php>

We recommend reduction in conversion fees for the adult-use license to be more fair and in-line with other markets and/or our annual license fees.

2) Number of new licenses

There is regulation for 300 Standard dispensary licenses plus 200 micro dispensary licenses. We feel that this is too many dispensaries for the population of Maryland. There are already issues with medical dispensaries being close to one another in many of the districts and operators placing them on the same major roadway thus creating clusters of dispensaries.

Please note the dispensaries in other states that went recreational recently:

Arizona:143

Missouri: 192

Massachusetts: 225

There are 390 liquor stores in the entire state of Virginia and liquor prohibition ended in 1933. We know there are too many liquor stores in Maryland and we don't want the same situation with dispensaries.

Please note that as a minority-owned company, we wholeheartedly support the social equity pieces in this legislation.

3) Length to transfer license

The current hold period for medical licenses are 3 years and the State want adult-use hold period to be 5 years. If there are going to be 300+ dispensaries, I'm sure some operators will want to transfer their license after couple of years due to various reasons. We recommend keeping the hold period same as medical dispensaries to 3 years for adult-use licenses.

5) Advertising

The Bill specifies advertisement restrictions including signs, banners, and billboards. It's crazy to see the Alcohol, Tobacco, and Cannabis Commission restrict ads for cannabis when tobacco and alcohol have no such restrictions. We all see numerous ads in print, tv, and social media for tobacco and alcohol (and pharmaceutical drugs). We should be allowed to advertise on multiple mediums and follow the same protocols and restrictions as other industries managed by this new Commission.

Thank you again for the opportunity to testify and we hope this program launches on July 1st, 2023!

-Kal Shah
Dispensary owner-operator