



Chair Wilson and Members of the House Economic Matters Committee:

I am writing to you as a concerned business owner in the hemp industry. I am the owner of Matuli, LLC, 3725 Berleigh Hill Ct, Burtonsville, MD 20866. We are a newly women owned Tea&Hemp company that has formed in year 2022 and has invested livelihood. 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. 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. 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 in order 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 2327) 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,

Smitha Parekh

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.]**