Green Point Dispensary (Anthony Toskov) TESTIMONY ON SB 516 (HB 556)

Support with Amendments: SB 516 (HB 556) (Cannabis Reform)

Green Point Dispensary (GPD) is 100% owned and operated by Anthony Toskov, a life-long Maryland resident. GPD was one of the first medical cannabis dispensaries to become operational in Maryland in 2018. In 2020, GPD opened its second location and is on target to open its third location in June of 2023. We submit these amendments on behalf of our employees, their families, and the communities we serve. We look forward to continuing our support and positively impacting the cannabis industry and the state of Maryland by maintaining an exemplary compliance record at the MMCC/ATCC, as well as increasing the contributions we have made to many Maryland communities and charitable foundations.

We request the following AMENDMENTS to SB 516 (HB 556) before favorable consideration:

1. Allow medical cannabis business owners, who are currently Maryland residents and who have attended Maryland Public Schools, to obtain Adult Use licenses in proportion to the number of Medical Use licenses that are currently allowed per the MMCC regulations (4 licenses). Under the current proposed legislation, for example, dispensaries can only own (2) licenses for Adult Use when many have already owned and operated more than (2) medical licenses.

2. The proposed one-time conversion fee should be percentage based, as opposed to a flat tiered system, and spread out over 3 years. It is a significant disadvantage, for example, for a business that had a gross revenue of $10M to pay the same fee as an entity whose gross revenue was $15M. This conversion fee is also much higher than dispensaries will be able to pay, due to the amount of un-financed capital that was needed to open their facilities, current MMCC fees, and the excessive taxation that is assessed because of the 280E rule. The 280e rule is still in effect on the federal return, without any sign of it being released soon, and the state income tax returns have been taxed under that law from 2018-2022. These large fees will also negatively impact the availability of the significant capital needed to convert facilities safely and successfully from medical to adult use.

3. While the annual fee was not specifically set in the legislation, only that it would not exceed 10% of revenue, that cap is of great concern as dispensaries will not be able to pay these exorbitant fees on an annual basis without a detrimental impact to the consumer and the community. With the current 280E rule still in effect for federal income tax returns, cannabis businesses do not earn enough net income to yield such large fees. If fees that large are assessed, many businesses will be forced to reduce expenses, such as wages and benefits they are currently providing to their employees, as well as increase product pricing. The increased pricing will have an adverse effect on the state's ability to eliminate the black market, as well as erase the affordability factor that the current sales tax rate proposal would give the consumer. This inflated pricing, that would have to occur to compensate for extremely high annual fees, will make legal product essentially unattainable for low-income groups, to include veterans and seniors.

Thank you for your time and consideration of these amendments.