

House Government Oversight Committee

Senate Bill 261

March 24, 2022

Chairman Wilkin and members of the House Government Oversight Committee, my name is Trent Woloveck and I was born and raised in Ohio. I am the Chief Commercial Officer of cultivation licensee OhiGrow, LLC, a “Level II” cultivation license holder located in Toledo, and Franklin Bioscience OH, LLC, a processing license holder located in Columbus.

To date, my companies have invested \$20 million to construct operational licensed facilities and created approximately 20 new, family-sustaining jobs with comprehensive benefits in order to operate under our licenses and effectively participate in the Ohio medical cannabis supply chain. Serving Ohio medical marijuana patients is important to me as a native Ohioan, as is operating businesses that create new jobs, bring capital investment to the state, generate revenue and generally contribute to a strong Ohio economy.

I offer this testimony in support of Senate Bill 261 (SB 261). In my opinion as a medical marijuana business owner and executive, SB 261 includes much-needed modernizations to Ohio’s medical marijuana program. Specifically, if passed, SB 261 will allow medical marijuana licensees across the state to more effectively and efficiently cultivate, manufacture and dispense safe, tested and highly-regulated medical marijuana medicines to registered patients and will support a more stable supply chain to ensure these medicines are consistently available to registered patients.

Notwithstanding the foregoing, I respectfully suggest there are four provisions in SB 261, as introduced, that would benefit from minor revisions in the interests of medical marijuana patients, licensees and the program’s general purpose and intent.

First, Section 3796.18(D) codifies language that, to date, is contained only in regulation – namely the terms “Level I” and “Level II” as applied to cultivation license holders. There is no need to codify this distinction, as it is a matter properly left to regulation. Further, as currently drafted, the language in this section creates an unnecessary obstacle to responsible program expansion and to “Level II” cultivators looking to grow a successful small business despite market demand for increased capacity among license holders to, among other things, stabilize the supply chain for medical marijuana products and ensure registered patients have consistent access to their medicines.

Second, Section 3796.18(E) codifies a business expansion process for cultivation license holders that is not presently addressed in statutory text. Again, there appears to be no reason to codify a process already developed and implemented by the regulating body, as doing so will preclude the regulating body from taking expeditious action to address capacity, production and supply matters as it deems necessary and appropriate without first seeking an amendment to the statutory text. The additional requirement to seek a statutory change will prevent an expeditious response to market conditions in favor of a lengthy, and possibly protracted, step that is inconsistent with the necessary and appropriate authority of the regulator to act in response to patient demand, market conditions more generally and the purpose and intent of the medical marijuana program. Further, the regulating body’s directive to authorize expansion is permissive. Respectfully, should patient demand and market conditions warrant licensee expansion,

the regulator should be directed to authorize expansion upon application therefore by a cultivation license holder currently operating and in good standing.

In Section 3796.18(E)(1), there are references to “Level I” and “Level II” cultivation license holder expansion caps. Respectfully, this matter would be best addressed by removing the unnecessary “Level” distinction in favor of: (i) a general cultivation cap of seventy-five thousand square feet; (ii) immediate authorization for license holders currently authorized to operate with a cultivation cap of twenty-five thousand square feet to expand to a cultivation cap of fifty thousand square feet; and (iii) immediate authorization for license holders currently authorized to operate with a cultivation cap less than twenty-five thousand square feet to expand to a cultivation cap of twenty thousand square feet.

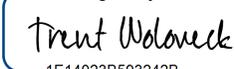
Finally, Section 3796.18(H) is both ambiguous and contains the unnecessary “Level” distinction among cultivation license holders. Removing references to the “Level” distinction and clarifying that small businesses, or those originally authorized to cultivate less than twenty-five thousand square feet, will have a preference to expand their operations up to the maximum cultivation cap of seventy-five thousand square feet in response to market conditions and patient demand in advance of opening a licensing window for new cultivation applicants would resolve the ambiguity.

In sum, there appears to be no program, patient or market need to codify a “Level” distinction in cultivation licenses, and doing so would have the impact of materially restricting regulators from effectively authorizing program expansion to meet patient demand. Further, the consequences of the “Level” distinction will preclude successful small businesses, here “Level II” cultivation license holders, from growing a successful small business in a manner consistent with other small businesses in Ohio, and will create an unnecessary and inappropriate inequity between the business growth opportunities available to “Level I” cultivation license holders and “Level II” cultivation license holders. For example, if my business were authorized to expand to twenty thousand square feet of cultivation area – assuming patient demand and general market conditions indicating cultivation expansion is necessary, we would invest approximately an additional \$12.5 million into our facilities and operations in Toledo and would create approximately 30-50 new, family-sustaining jobs.

Thank you for your attention to and consideration of the foregoing comments.

Respectfully submitted,

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Trent Woloveck

Chief Commercial Officer

OhiGrow, LLC