



Ohio House Government Oversight Committee

Kate Nelson

Acreage Holdings, LLC

Interested Party

Senate Bill 261

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Chairman Wilkin, Vice Chair White, Ranking Member Brown, and members of the committee, thank you for the opportunity to testify today regarding Senate Bill 261, legislation that makes changes to the medical marijuana control program. My name is Kate Nelson, and I am the Regional General Manager for Midwest & Northeast for Acreage Holdings. I also serve as GM of Ohio for Acreage and formerly President of Greenleaf Apothecaries. I would like to share some history of my journey and our company, and ask for your support in amending Senate Bill 261 to make for important changes necessary for the integrity of the medical marijuana program.

Acreage is a multi-state operator of cannabis cultivation and retailing facilities in the U.S., including the company's national retail store brand, The Botanist. In fact, our dispensaries scored the five highest in the original application process, which we were awarded in 2018. We are proud of our high standard of patient care and quality products.

I'm particularly passionate about the medical marijuana program in Ohio, as I have closely watched it grow since inception. I've had an interest in medical marijuana legislation and policy for as long as I can remember, and throughout my undergraduate degree – it was the primary focus of my research while I worked on a degree in Political Science. Prior to anyone attaining a license or House Bill 523 creating the medical marijuana program in Ohio—I was watching my grandmother die in hospice—after not eating for 11 days and on a range of painkillers which caused her to slur her speech and fade in and out of consciousness. I don't know if medical marijuana would have helped my grandma, but it wasn't even an option that we could have explored. After she passed, the listening tour for potential medical marijuana legislation was announced and I was able to fuel my grief into testimony, and connect with others who were as interested in seeing Ohio establish a robust medical marijuana program as I was. After the listening tour concluded, my husband suggested that we take it one step further and look into applying for licensure to be able to directly help families that were in situations similar to ours – who were looking for alternatives to traditional pharmaceuticals.

We read every book, went to every conference, and sold every belonging we had of value to try and raise the \$20,000 needed to even allow us to compete in the application process that Ohio was designing. We wrote the first business plan for Greenleaf on New Year's Eve in 2016, based on what we thought operating a cannabis business might look like. I now know that I could never have imagined everything that would change in the five years that has since passed from that day. In the Spring of 2017, we met with two business partners from the Cleveland area and took our initial dream from a business plan on a few sheets of paper, to submitting the maximum number of applications in hopes that one of



them would prove to be fruitful. Within the following year, we would end up winning all five our dispensary licenses, a processing license, and a late breaking Level 1 cultivation license.

We knew that in order to build and grow in the high-quality way we envisioned, we would need a sophisticated partner, which is when we entered into a management agreement with Acreage Holdings out of New York City. There are so many things that go into operationalizing a cannabis business, but with Acreage's assistance, we were able to focus on the things that mattered most to us – exceptional patient care and service – and were able to rely on our partnership with Acreage to ensure that we could begin serving patients in need as soon as possible when Ohio's program launched.

Despite numerous obstacles, we opened our Canton dispensary on January 19th, the first day of the medical marijuana sales in Ohio, with our Wickliffe location opening two weeks later. All five of our stores were opened by the end of 2019. We would later go on to operationalize our processing and cultivation operations and are fully immersed in the medical marijuana industry in Ohio

It has been five years since Ohio created its medical marijuana program, and so we appreciate the willingness of the Ohio Legislature to work on a corrections bill that both benefits our patients and the industry as a whole.

The industry had worked on SB 261 to capture the true "corrections" the industry needs, including consolidation of the program under the Department of Commerce and other important issues like social equity, additional dispensaries, testing, expanding patient access, and products.

After a year of working on this bill, there were two provisions added late in the drafting process that have become extremely problematic to an otherwise thoughtful and industry-aligned bill.

Without the removal of these provision, we believe that current law would be better for the continued development of the medical marijuana program.

The bill grants Level 2 cultivators 20,000 square feet, more than double the 9,000 maximum square feet under current law. Other states refer to smaller licenses as "craft cultivation licenses" because they are typically intended to preserve a place in the industry for small business owners. However, the more that these licenses expand into large-scale commercial operations, the more attractive they are for publicly traded national operators to buy out the local operators. It is important to note that growth of the program and needed expansion was factored in to the original program rules, which operators were aware of at the time of application.

As mentioned in my testimony, we intentionally took a significant risk to apply for a Level 1 cultivation license. The truth is, if the legislature writes automatic expansion for Level 2s into the bill they are gifting these operators tens of millions of dollars of license value while substantially devaluing the licenses of the Level 1 operators who have risked the most. This is a



breach of what we agreed to when we applied and invested hundreds of millions of dollars to build out a new industry.

The other problematic provision requires the Department of Commerce to establish a new cultivator license for a stand-alone processor if the processor has obtained a certificate of operation by October 1, 2021, and initially applied for a cultivator license and was not awarded a provisional license.

This provision would potentially allow for three new cultivation licenses by processors who were not able to even qualify for a cultivation facility in the first round. As someone who worked tirelessly to submit a top scoring application in a highly competitive process, it is a slap in the face to simply gift licenses to those whose applications were disqualified.

We strongly recommend that you remove these troubling provisions and pass a clean corrections bill. Both Level 1 and Level 2 operators support every other provision in the bill.

Thank you for the opportunity to be with you today and share my story. I am happy to answer any of your questions.