

December 8, 2023

Testimony in regards to SB 354

Dear House Finance Committee,

My name is Christine Windt-Gates and I am the General Manager of Pure OH LLC. We operate as a Level 2 Cultivator, Processor, and Manufacturer in East Palestine, Ohio. We were very excited to have Issue 2 pass and we look forward to the growth this issue affords us.

Pure OH's Cultivation facility opened in June of 2020 with a very small operation of 3,000 sq ft of greenhouse grow space. Over time and with increased capital expenditure we are able to operate as a Processor and Manufacturer, this affords us the ability to produce cannabis infused products. Like many startups, we started small with the intent of controlling costs as best we could in a very capital intensive industry that requires significant investment upfront and our plan has been to grow within the industry and continue to reinvest in our business along the way.

While we're happy with many aspects of SB 354, we also have a few concerns highlighted below that we would like to have addressed in SB 354.

- 1) We have found it very difficult to get our products onto dispensary shelves.

Many Dispensaries in Ohio have contracts in place with other wholesale operators (i.e. Cultivation / Manufacturing / Processing licensees) which effectively locks out small independent operators such as Pure OH, resulting in a much smaller addressable market for our business than the already limited number of dispensaries in the state.

Further, several of the existing dispensaries are owned by large multi-state operators who only source products from their own wholesale operations. Again, effectively limiting small independent wholesalers from getting onto store shelves.

Awarding existing cultivators a dispensary license with this new legislation, completely solves our first concern. Having our own dispensary would ensure that we have a market to sell our products, so that we can continue to grow and invest in the Ohio market.

- 2) Capacity constraints result in lack of a competitive product offering.

If you do not have a full product line (flower, edibles, vapes, extracts, tinctures, etc.) many dispensaries will not do business with you. Unless wholesalers are able to produce the quantity and diversity of products that are needed, you are not going to be successful in this market. As a Level 2 cultivator, we are limited in our ability to grow enough biomass (i.e. cannabis flower) to allocate across all necessary product types..

Awarding existing Level 2 cultivators with increased Cultivation capacity under this new legislation, completely solves our second concern. Having additional canopy capacity would ensure that we have the biomass needed to allocate across many needed product types, so that we can continue to grow and invest in the Ohio market.

- 3) 50% THC max on concentrates means products will be produced with increased levels of "fillers" to make up the difference.

Our company uses terpenes derived from our own cannabis as that filler now, cannabis derived fillers are natural and the most valuable fillers on the market today. By forcing Processors to use more fillers, the potential arises for some operators to cut corners to find less costly artificial alternatives.

It is much safer to utilize THC in its purest form. Consumers ultimately are not getting less THC with this 50% max, they will simply take more hits off a vape, for example, what they will be getting is 50% more unnecessary product fillers.

I believe we all want the same results:

- 1 - Consumers to have access to safe products at an affordable price;
- 2 - Curtail the Black Market;
- 3 - Generate more tax revenue for impactful government programs;
- 4 - Allow compliant, legal operators to earn a fair and just return, so we can provide sustainable quality jobs for Ohioans.

By awarding Cultivators a dispensary license, additional grow space, and increasing the THC Max in concentrates, this will go a long way in achieving each of these goals.

Thank you for your time and consideration put into this Bill. We look forward to working together to make this a safe and successful industry in Ohio.

Respectfully,

Ms. Christine Windt-Gates