



GENERAL GOVERNMENT
COMMITTEE

Witness Form

Today's Date 5-9-23

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Testifying on Bill Number: SB 9

Testimony: Verbal Written Both

Testifying As: Proponent Opponent Interested Party

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TESTIMONY BEFORE THE OHIO SENATE GENERAL GOVERNMENT COMMITTEE

OPPOSITION TESTIMONY TO SENATE BILL 9

LARRY PEGRAM, OWNER AND CEO, PURE OHIO WELLNESS

MAY 10, 2023

Good afternoon, Chairman Rulli, Vice Chair Schuring, Ranking Member DeMora, and members of the Senate General Government Committee. Thank you for the opportunity to provide testimony today on Substitute Senate Bill 9 (Sub SB 9).

My name is Larry Pegram. I am the owner and CEO of Pure Ohio Wellness in Springfield, Ohio. I am a fourth generation Ohioan. I was born and raised here, and my family and I continue to live in our great state. Prior to entering the medical cannabis industry, I was a professional motorcycle racer. After a successful racing career, I put my entire life savings into Pure Ohio Wellness. I opened our Level 1 cultivation facility in November 2018 and over the next four years, I worked without paying myself a cent. Between building the cultivation facility, adding a processing facility, and opening three dispensaries, I have incurred almost \$20 million in debt, all of which is personally guaranteed. If my business fails, I lose everything.

I shared my story and my concerns with Senate Bill 9 (SB 9) with the committee on March 7th and I won't take up your valuable time repeating the same information. However, Sub SB 9 includes so many devastating new components that I feel compelled to come before you again today. Sub SB 9 will destroy Ohio's medical marijuana program. It will do so in four primary ways:

- 1) **Oversupply:** It more than quadruples the supply of medical marijuana in an already oversupplied market at a time when our patient numbers are stagnating. Last year our patient count increased by 40,000. Nothing in this bill will increase the patient count enough to justify this kind of expansion. The one year "pause" on cultivating medical will have little to no impact since it will take a year to complete construction on an expansion. Who is buying all the medical marijuana this bill proposes to grow? I have also attached a graph showing the massive current oversupply of medical cannabis currently vaulted in the state. This is becoming a major problem at current level of production.
- 2) **Reducing Demand:** Sub SB 9 cuts the THC content of medical marijuana sold to registered patients and caregivers to 30%, a change that will send even the most law abiding patient across the border to Michigan. The patients that have testified before the committee have praised the previous version of the bill for increasing the THC cap to 90%. If the vape crisis of 2020 taught us anything it is that fillers in inhaled products can have dangerous side effects on patients' lungs. This draft of the bill would require 70% filler in all manufactured vaporized products.
- 3) **Overcomplicated Regulatory Structure:** For the last two years the industry has asked the legislature to streamline an overcomplicated and punitive regulatory structure by consolidating the program under the department of commerce. Sub SB 9 does the opposite. It keeps the

board of pharmacy regulating dispensaries and creates a new independent commission over which the director of commerce has no control or input. Why are we eliminating the experienced regulators who oversee 75% of the program after five years of operation in favor of nine political appointees who know nothing about the program?

- 4) **Increasing Costs:** Ohio's labs have repeatedly testified that the testing language in Sub SB 9 will exponentially increase costs, yet the language has not improved.

This final point brings me to my conclusion and the message I hope you will take from my returning today. My colleagues and I have repeatedly come before this committee to constructively share our many years of experience operating businesses in the industry. We have tried to explain how the bill will impact our businesses and Ohio's patients. Yet the language in the bill has not improved – it has gotten worse with each version.

My life savings and my family's future is wrapped up in my business. Sub SB 9 would destroy Ohio's medical marijuana industry and the business I have struggled to build. I know I speak for my colleagues as well when I say that we want to work with the committee to fix this bill and strengthen Ohio's medical marijuana industry.

I welcome the opportunity to answer your questions today or to be a resource for future questions.