



November 19, 2024

PROPONENT TESTIMONY IN SUPPORT OF **SENATE BILL 326**

This written testimony is offered on behalf of the **Craft Growers Coalition**, which is made up of a majority of the Level 2 cultivators in the state of Ohio, which make up many of the small business members of the regulated marijuana industry.

As a general comment, we are supporters of Senate Bill 326. Intoxicating Hemp was born out of a loophole in the 2018 Farm Bill that was never intended to create an industry of unregulated, untested, intoxicating cannabis products. For the following reasons, we support SB 326:

- 1. Public Health Risks:** Intoxicating hemp products can contain high levels of psychoactive compounds like THCA or delta-8 THC, which are similar to the delta-9 THC that is found in regulated marijuana. However, intoxicating hemp products receive no mandatory compliance testing whatsoever to ensure that public health is not adversely impacted. We do not know what other compounds or chemicals may be in these products, but third party testing elsewhere has revealed elevated levels of pesticides, heavy metals, and even synthetic cannabinoids similar in chemical structure to “Spice” or “K2”, which have caused hallucinations and other unwanted outcomes in users.
- 2. Youth Access:** Hemp-derived intoxicants are far more accessible than regulated marijuana. In Ohio, there is no age-gating for these products, which means that children of any age can walk

into a retail store and purchase them. There are also no purchase limits in place for hemp-derived intoxicants.

- 3. Market Confusion:** The coexistence of non-intoxicating hemp and intoxicating products creates confusion for consumers, retailers, and law enforcement. Consumers may not understand the differences between CBD and THC in hemp products, potentially leading to unintended intoxication. This confusion also complicates efforts to enforce marijuana laws. This confusion also complicates efforts to enforce marijuana laws and allows out-of-state producers to introduce black market products into Ohio without penalty.
- 4. Market Imbalance:** The costs associated with compliance and licensing in the regulated marijuana industry in Ohio are substantial, often costing regulated businesses hundreds of thousands of dollars per year in fees, excise taxes, and maintenance. With these additional costs, regulated businesses cannot compete with the cost structure of the hemp market which produce similar products but which have virtually none of the compliance burden.
- 5. Impact on the Hemp Industry:** Hemp has a range of industrial uses (e.g., textiles, building materials, nutrition) that are non-intoxicating. Intoxicating hemp threatens the credibility and growth of the broader hemp industry by associating it more closely with marijuana. This unfortunate reality will prevent the growth of the industrial hemp industry as it continues to be lumped in with intoxicating hemp.

- 6. Interference with State Laws:** Ohio has legalized marijuana under strict regulations and taxation. Intoxicating hemp products circumvent these regulations, complicating enforcement and reducing tax revenues generated in Ohio.

CONCLUSION

The government of the state of Ohio as well as the members of the marijuana industry here have invested substantially in the creation and uplift of the regulated market. The unregulated intoxicating hemp industry undermines the regulated marijuana market in almost every way. It reduced taxes collected by the state, it is a risk to adult consumers, a risk to youth, and a detriment to the broader goals of the industrial hemp industry. For all these reasons, we are supporters of Senate Bill 326.