



## **Sarene Craft Beer Distributors Ohio Interested Party Testimony on Senate Bill 326**

December 3<sup>rd</sup>, 2024

Chair Wilkin, Vice Chair Reineke, Ranking Member DeMora, and members of the Ohio Senate General Government Committee:

Thank you for the opportunity to testify here as an interested party to Senate Bill 326. My name is Michael Amann. I am one of the partners and general manager of Sarene Craft Beer Distributors Ohio, a beer distributor licensed here in The Buckeye State. As a licensed alcohol wholesaler in the state currently carrying these hemp derived Delta 9 THC beverages, I would like to help inform the committee about the Delta 9 THC beverages that have become such an important part of our portfolio here in the state and why SB 326 would be a de facto ban on these products.

Hemp beverage is not part of the problem SB 326 wishes to solve, yet its ability to be part of the solution will be obliterated if SB 326 manages to pass. We employ 15 hard working Ohioans. We sell Delta 9 THC to over 700 Ohio businesses in 56 counties in the past year. Many of our customers – almost all Ohio liquor licensees- rely on significant revenue from hemp beverages to make up for declining alcohol sales. We humbly ask the Senate today to reconsider its approach to intoxicating hemp, and not to pass this bill as it is now written.

We in the hemp industry- as well as beverage industry- welcome regulations on these products. As a beer wholesaler, we are familiar with complying with state and federal regulations, as are our customers. We sell to retailers who ensure daily that their products are sold only to individuals who are 21 or older. Our suppliers specify on the label of the cans that these beverages are only for those 21 or older. You can't even visit the company websites without verifying that you are 21 or older. Strict regulations that would forbid selling to those under 21, provide stringent testing requirements that match that of cannabis in this state, and place limits on who can sell these products, would all be readily accepted by our industry.

We also understand that there are bad actors out there. They give the entire hemp industry a bad name. I listened to the proponent testimony. I did not hear our beverages mentioned once. Yet SB 326 would not regulate the hemp beverage market, but destroy it. SB 326 redefines federally legal products as “intoxicating hemp”, changing the maximum amount of THC allowed per package from the federally defined definition in the 2018 Farm Bill of 0.3% THC by dry weight, down to 0.5mg per serving and 2 mg per package.

Our company distributes hemp-derived Delta 9 THC beverages in 5 different states currently. All of our current products contain at least 2.5 mg THC per package, and therefore our entire inventory would be banned under this proposed bill.

What we would propose is something we have seen distributing hemp beverages in other states- including Kentucky- and that would be putting a legal framework to safely regulate hemp products to allow a robust market to flourish and add much needed tax revenue to the state. We can do just that in Ohio. Minnesota is a shining example of how to regulate these products, they allow beverages to contain up to 10 mg of THC and tax them at the same rate as adult use cannabis. They are currently on pace to bring in around \$20 million in taxes this year, strictly from these low dose THC hemp products. Ohio has a population that is twice the size of Minnesota, the tax revenue in year 1 of these products could easily approach \$40 million. SB 326, as it’s currently written, would take in none of that. *We believe a regulated market with a tax is the safest way forward for the state of Ohio and all Ohioans.*

Placing a limit of 0.5mg THC per serving and 2 mg THC per package on ALL hemp products will not stop residents in the state of Ohio from obtaining these products. All it will do is force those people to purchase these products either out of state or on the internet. These products will cease in the legitimate market and the state will not receive tax revenue that could be used for enforcement and compliance. We have seen when other states chose to regulate these products to create a robust market for low dose hemp derived THC products, these states are able to reduce the illicit market that is everyone’s concern here. Allowing THC beverages and other hemp products to be regulated safely and obtained by consumers means there is no reason to buy them online or be carried by a nefarious business.

That is why we would advise that the following be put in place to make Ohio a leader in the hemp-derived cannabinoid space:

- Limit Sales to Persons 21+. Restrict the sale of hemp products containing more than 2mg THC/container only to persons 21+ and require age-verification prior to sale
- Sales of hemp products only by (i) Liquor Permit Holders, and (ii) Registered hemp product Retailers, Wholesalers, and Manufacturers. Restrict sales of hemp products to entities with existing liquor permits, as well as entities that apply for, pay for (via annual fee), and obtain a registration to be a hemp products retailer

and/or hemp product wholesaler so that the proper regulatory body has the information necessary to understand who is selling hemp products and can utilize additional funds for enforcement purposes

- Additional Testing Inputs Already in Place for Cannabis Products. Include additional testing requirements akin to those already in place for Ohio cannabis products that include additional key testing inputs for safety and quality control such as heavy metals, microbial, mycotoxins, pesticides, solvents.
- Supplier and product registration with the state - require suppliers to register their products with the state of Ohio.
- Excise Tax on hemp products sales. Requirement that the coordinate with appropriate tax authorities to implement an excise tax associated with the sale of hemp products that is equivalent to excise taxes applicable to cannabis product sales in the state of Ohio.

Sincerely,  
Michael Amann  
Managing Partner  
Sarene Craft Beer Distributors Ohio