

BEFORE THE SENATE FINANCE COMMITTEE
Testimony of Tom Hobson
Offered in opposition to
Senate Bill 56

Chairman Roegner and honorable members of this committee, thank you for allowing me to testify here today in opposition to Senate Bill 56. My name is Tom Hobson, and I am the CEO of Wellspring Fields, a level 2 cultivator and processor located in Ravenna, Ohio.

As a little background: I own an oil pollution control company in Chagrin Falls which I started with my father when I graduated from college in 1984. In 2017 when the opportunity to start a new company in the Ohio medical marijuana program presented itself, I persuaded my daughter to come back to Ohio from Boston, and, together with my son, we applied for and won a level 2 cultivator and processing license. We started Wellspring Fields with zero outside funding because we wanted it to be a true family-owned, Ohio-based company with no outside influence.

Senate Bill 56 as currently is written, will cost us millions and jeopardize all that my family and I have built. We have already started to expand our cultivation to 15,000 square feet of cultivation as allowed by the passage of the Initiated Statute in November of 2023. This bill cuts us back to three thousand square feet and easily halves our current business. If enacted, this bill would cost our family-owned business millions of dollars that we can't afford to lose and jeopardize the jobs of the Ohioans that work for us. I respectfully ask that this committee amend the bill to allow level 2 licensees to continue to cultivate within 15,000 square feet.

Next, I would like to address the potency cap of 10mg per serving and 100mg per package. This creates a huge issue for veterans and adult use patients, who use marijuana medically but do not want to be on a list or tracked on a database. We work closely with the veterans' group, Battle Buddies, that supplies service dogs to veterans and offers lifetime care to the dogs for veterans that can't afford it. We believe in this organization and the amazing work it does for

veterans, and it has allowed us to see firsthand the use of marijuana as a form of medicine for veterans. The potencies being suggested and particularly the 100 mg limit per package, is a disservice to veterans and others who need these products to treat debilitating health conditions such as chronic pain and PTSD. The cost of producing one 100mg package of ten 10 mg gummies, for example is only slightly less than producing one 500mg package of 50 mg gummies. The 500-milligram package has been on the market since the medical program's inception in 2017. Patients have come to rely on this dosage, especially when their doctors have recommended it. This packaging and dosing give individuals an option to ingest less items and have less cannabis in their home in order to get the medicine they need in a way that is medically and cost effective. For example, if an individual needs to consume 150mg a day to relieve their pain and replace opioids, in the current rule they would have to ingest 15 gummies; however, if the state were to continue allowing a daily package to be up to 500mg, a consumer would only have to ingest 3 gummies at 50mg a piece. To make a veteran purchase 5) 100mg packages at a much higher total price and ingest 50 gummies in one sitting is unreasonable. The total cost for the veteran's will be at least double for the same dosage in five packages that they are getting in one package now.

Now turning to the topic of concentration being limited to 70% THC: this is lower than Michigan, lower the illicit market and lower than what is easily available on the internet through popular online markets including the hemp market. In cutting concentration back to 70%, the legislature is inadvertently putting the tax generating, legal market at a severe disadvantage to these other markets. It is inevitable these other markets will flourish to an even greater scale in Ohio and the legal market will suffer and become insignificant in comparison.

As far as increasing the excise tax from 10% to 15%, as noted in a recent Crain's article citing The Ohio State University's Moritz College of Law¹, in the long run tax revenue will be lower. Ohioans don't like paying taxes in the first place. Consumers will not leave the illicit and out of state online markets if Ohio slaps higher taxes on its products. The legislature will, in fact, reinforce the current habit of buying from these sketchy markets and likely add our current

customers to their ranks. Ohio's market will be flooded with products that are not in child-resistant packaging and use child-friendly labeling because these markets are not held to the same standard the current regulated Ohio adult-use market is.

What's more, most of these products are untested or barely tested. Marijuana treated with cancer causing pesticides used to kill pests and fungi, edibles with inaccurate potencies and edibles that mimic children's candy are all going to increase if restrictions and extra taxes are placed on the regulated Ohio market. Incidentally, I would like to point out that there has not been one serious adverse reaction to any legal product in the Ohio marijuana program since its inception. Ohio's regulatory scheme is working and has been working since 2017. It provides business certainty and protects the public and consumers alike.

In closing, I would like to point out that Ohio has a flourishing black and gray market that pays no taxes and poisons Ohioans. Restricting our cultivation space, reducing potencies and raising taxes on safe Ohio made products only bolster these markets and shrinks the regulated market. In the process, senate bill 56 as written would put Ohioans out of work and shrink a source of tax revenue. Why not use the program the legislature created to combat the bad players? Why not dismantle the illicit and gray markets with proven safe products and law-abiding producers? Thank you for your consideration of these amendments and I am available to answer any questions.

¹ <https://www.crainscleveland.com/crains-forum-cannabis/ohio-can-use-cannabis-tax-revenues-strengthen-communities>