



Civics Cannabis

Matthew William Hyde

Founder/Director of Civics Cannabis

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Testimony on Senate Bill 56

Chair Roegner, Vice Chair Gavarone, Ranking Member Blackshear, Jr, and members of the committee, thank you for the opportunity to provide opponent testimony today on Senate Bill 56. My name is Matthew W. Hyde of Civics Cannabis, and I am here because of Senate Bill 56, and the adverse repercussions it would have on the citizens of Ohio and the future of cannabis in Ohio.

Ohio Senate Bill 56 would negatively impact Ohio's patients, consumers, communities, and businesses it supports by altering the citizen-passed Issue 2. From the removal of the Social Equity & Jobs Program and Level 3 cultivation, to the tax rate change from 10%-15% and allocating tax revenue to Ohio's General Revenue Fund. There are forty-four modifications, nonetheless, here is what I will concentrate on today:

1. **Elimination of the Social Equity & Jobs Program:** SB 56 proposes to remove the Social Equity & Jobs Program, which was a vital part of Issue 2. This program aimed to address the disparities in cannabis-related arrests and convictions, disproportionately affecting minority communities, and those altered by the failed war on drugs. By creating opportunities for those communities to participate in the legal cannabis industry, the program sought to rectify past injustices and provide economic empowerment. Removing this program strips away a critical tool for fostering diversity and inclusion in the new industry. Ohio should collaborate with Ohioans and not abandon its commitment to equity.
2. **Removal of Cultivation Licensing Opportunities:** SB 56 removes Level 3 cultivation, thereby restricting the opportunities for small-scale cultivators to participate in the cannabis market. This change benefits larger corporations and limits the diversity of business ownership within the industry. Small-scale cultivators often bring innovation and community-based approaches that enrich the market. By limiting licenses, SB 56 reduces competition and opportunity for Ohioans interested in entering this space on a smaller scale, which could lead to industry consolidation by a few large players.
3. **Increased Tax Rate:** Raising the tax rate on cannabis from 10% to 15%, as SB 56 proposes, could have the unintended consequence of driving consumers back to Michigan and the Legacy market. High taxes will make Ohio legal cannabis products more expensive and less competitive compared to other sources outside, and in, the state. Issue 2's

original tax structure was designed to support accessibility and affordability of legal cannabis. By increasing taxes, SB 56 threatens the economic viability of legal cannabis businesses and could lead to lower tax revenues than expected, and a collapse of the program.

4. Allocation of Tax Revenue to the General Revenue Fund: One of the key components of Issue 2 was the allocation of tax revenues for specific programs, 36% to Social Equity and Jobs Program, 36% to the localities hosting cannabis business, 25% to recovery and addiction services, and 3% to the DCC. SB 56 redirects these funds to Ohio's General Revenue Fund, which lacks the transparency and accountability needed to ensure that the funds are used for their intended purposes, a fruitful cannabis program. This change risks diluting the positive social impacts of Issue 2 by diverting funds away from critical community programs. Ohio voters supported Issue 2 with the understanding that tax revenues would directly benefit the public in targeted ways, and SB 56 eviscerates that trust. Ohio did not vote for more policing and jails.

5. Undermining the Democratic Process: Most concerning is that SB 56 effectively overrides a citizen-driven initiative. Issue 2 was democratically passed by Ohio voters, and altering it disrespects their decision. The state legislature should respect the outcome of the election and allow the program to proceed as intended, without prematurely altering key components before it has had a chance to prove its effectiveness.

In conclusion, Ohio Senate Bill 56 represents a step backward for the Ohio's cannabis program, particularly in terms of social equity, economic opportunity, respect for the democratic process, and still, so much more. It is a big waste of time. Instead of undermining the citizen-passed Issue 2, the legislature should focus on supporting and improving the framework already in place by talking to Ohioans, their constituents, ensuring that it achieves its goals of fairness, inclusiveness, and long-term success for all Ohioans. There are several solutions to this wide-ranging bill, but the first is listening to the people of Ohio and secondly, not allowing this bill to pass through committee.

Thank you again for the opportunity to provide opponent testimony today on Senate Bill 56. I am happy to answer any questions you may have.

Matthew W. Hyde

Founder/Director of Civics Cannabis

Matthyde0507@gmail.com