

BEFORE THE SENATE FINANCE COMMITTEE

### **Testimony of John Pantelides**

Offered in opposition to

### **Senate Bill 56**

Chairman Roegner and honorable members of this committee, thank you for having me here to testify in opposition to Senate Bill 56. I'm John Pantelides, the director of Fire Rock Cultivation Ohio and Fire Rock Processing Ohio, a level 2 cultivator and processor located in Akron, Ohio and Columbus Ohio, respectively.

After graduating from Ohio State in 2002 I immediately entered the cannabis business. As a group, my partners and I have over 100 years of experience in cannabis in three states, Ohio, California, and Oregon. We are all Ohio natives and have experienced varied legislative and regulatory approaches to cannabis.

Ohio's Department of Cannabis Control has done an exemplary job, so far, in responsibly regulating this industry and I view this bill as a direct threat to both the will of the people, as passed in statute, and threat to the safe and responsible regulation of this industry.

My companies have invested millions of dollars in their respective local economies and have created dozens of jobs. Senate Bill 56 will effectively halt job creation in cannabis, and tax revenue growth throughout the state.

### **Expansion Limits**

Senate Bill 56 as currently written will not only limit, but shrink our existing manufacturing capacity, going from 15000 square feet of production down to 3000. The effect of this would be devastating to employment and revenue growth. The repercussions of this include a mass firing of most of our employees just to keep the lights on. We will simply not have anything for them to do in a facility planned for five times the capacity of what would be allowed in Senate Bill 56. The initiated statute passed by the citizens of Ohio should be upheld and this modification should be struck from SB56.

### **Excise Tax and Allocation**

An excise tax increase from 10% to 15% will inevitably push customers to other markets, either illicit, or out of state. Destabilizing the Ohio market with an increased excise tax will limit growth and tax revenue. Additionally, 3.6% of taxes are currently allocated to dispensary host communities, encouraging cities, towns, and villages across the state to invite dispensaries to operate in their respective jurisdictions. By eliminating locally collected taxes and pushing the higher excise tax into the state general fund, SB56 is greatly disincentivizing local governments from hosting these businesses and benefitting from job creation and taxation in their communities

## **Potency Cap**

SB56 aims to limit potency of cannabis concentrates to 70% and I believe this is arbitrary. This limit on potency forces manufacturers like Fire Rock to add fillers to products, or alternatively, to not remove undesirable constituents, like plant waxes, from our products. The end user effect on patients and customers is to just consume more of the product to achieve the same desired effect. Cannabis is self-titrating. People use the amount they need to achieve the desired effect regardless of arbitrary potency limits on products. By striking the 70% limit patients and customers will receive greater value and manufactured cannabis products will have higher purity without undesired and ineffective fillers.

## **Forms and Methods**

Finally, I would like to address the lack of clarity surrounding forms and methods of administering cannabis. The Ohio Department of Cannabis Control has designated “Single serving units”, better known as joints, as a new delivery method in this recreational market. SB56 is unclear as to whether this administration method will be eliminated or upheld. Fire Rock has invested half a million dollars in preparation for single serving units to pass rulemaking and become available to customers. I ask this committee to explicitly allow this form of administration. The people of this state have been smoking cannabis since time immemorial. I believe it is appropriate to legitimize reality and allow single serving units to survive under this legislation.

## **Final Thoughts**

In closing, I believe this market is operating as intended by previous medical marijuana legislation and as passed by the citizens in the recreational initiated statute. The excise tax increase and reallocation will hurt local economies. Expansion limits will halt and reverse job growth. Potency caps and dispensing forms will hurt the customer. This bill should not be passed as written because it does not benefit any stakeholders in this industry: patients, customers, workers, or businesses.