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Ohio Senate

General Government Committee, SB 56, Revise medical and adult-use marijuana laws; levy marijuana taxes

Protection of the Public by Reasonable Regulations

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Chair Roegner, Ranking Member Backshear and members of the Committee, I appreciate your allowing me to provide testimony on the provisions of Senate Bill 56.

In May 2024, data from the National Survey on Drug Use and Health, published in the journal **Addiction**, compares Americans' use of cannabis and alcohol over the past 40 years. Here are some of the findings and other notable numbers.

- An estimated 17.7 million people reported using marijuana daily or near-daily in 2022, up from less than 1 million in 1992.
- An estimated 14.7 million used alcohol daily or near daily in 2022, up from about 9 million in 1992.
- 42% of people who say they've used marijuana in the past month say they do so daily or near daily.
- 11% of alcohol users drink daily or near daily.

What does that mean? The robust Cannabis / marijuana market isn't developing, it is here now, even in Ohio. Since the Cannabis / marijuana "black market" size in Ohio can only be loosely estimated, real market numbers from Michigan can provide insight.

In 2024, Michigan's cannabis industry achieved record-breaking sales, totaling **\$3.29 billion**. This included **\$3.27 billion** from adult-use recreational cannabis and **\$18 million** from medical cannabis sales. The adult-use market saw a **9.9% increase** from 2023, while the medical market continued its decline, representing less than 1% of total sales.

Michigan had the second largest cannabis market in the country after California. This is amazing when you consider these population figures.

State	Population
California	39,431,263

Ohio	11,883,304
Michigan	10,140,459

To have a safe, regulated and taxed market we need to encourage people into Ohio dispensaries through more product selection, better quality, safety, lower prices.

Legalization of marijuana provides Ohioans the privilege to partake of Cannabis / marijuana and the corresponding responsibilities to use marijuana wisely and safely. Legislative efforts to support the wise and safe use and to protect the public against unsafe products is warranted and welcomed.

From a business perspective, the Cannabis / marijuana nascent industry is difficult to accurately describe due to its very long illicit history. Misinformation abounds. For example, in recent testimony supporting SB56 stated:

“6 [homegrown] plants @ 4 crops per year will produce 2000 marijuana cigarettes.”

The average yield for a home grow plant is ¼ ounce (7 grams). 6 plants provide 42.53 grams or 40-50 marijuana cigarettes. Most home growers will only get 2-3 harvest per or 80 – 150 marijuana cigarettes, depending on the number of harvests. These numbers are nowhere near the 2000 cited in previous testimony.

Senator Steve Huffman’s sponsor testimony states Senate Bill 56 seeks to address public safety concerns. But does it?

Hopefully most Ohioans and legislators can agree that Ohio needs to have a safe, regulated and taxed market; and we need to encourage people to buy from Ohio dispensaries by offering more product selection, better product quality, product safety, and lower prices.

While some of the provisions in this bill do directly support public safety, provisions that restrict or impact selection, quality and price work directly against public safety.

By employing a very basic, business 101 concept -- the 4 Ps of marketing—**product, price, promotion, and place**—we can evaluate SB 56’s impact on Ohio’s nascent Cannabis / marijuana industry.

- **Product** refers to the goods and services offered by a business. Product decisions include function, packaging, appearance, and quality.
- **Price** refers to the pricing strategy for products and services. It is the amount that consumers are willing to pay for a product. Businesses must link the price point to the product's real and perceived value.
- **Promotion** refers to the activities that make the business more known to consumers and encompasses advertising, public relations, and the overall media strategy for introducing a product.

- **Place** refers to where the product or service of the business is seen, made, sold, or distributed.

Senate Bill 56 provisions negatively impacting **Product, Price and Place** include:

- Eliminates DCC's authority to approve new forms of adult-use marijuana.
- Reduces allowable THC levels in adult-use marijuana extracts, from a maximum of 90% to a maximum of 70%.
- Reduces the amount of cultivation canopy; thereby limiting production:
 - Level I – may cultivate up to ~~100,000~~ 75,000 square feet, a 25% decrease
 - Level II – may cultivate up to ~~15,000~~ 9,000 square feet, a 40% decrease
 - ~~Level III – may cultivate up to 5,000 square feet~~ – totally eliminated, a 100% decrease
- Increases the excise tax on adult-use marijuana from 10% to 15%
- Caps the number of active dispensaries at 350

Collectively, these provisions eliminate the “craft growers” from the marketplace; severely reduce product innovation; drive prices up; and limit the sales outlets. Worse, reducing THC levels in extracts opens the likelihood of an unintended product calamity. Reducing the THC levels of extracts is not a simple process like diluting concentrated juice with water. The likelihood to see another deadly debacle like the addition of Vitamin E Acetate to cannabis oils in vape pens a few years ago looms large.

In summary, I applaud the provisions that tackle the industry safety, particularly, the aspects affecting children and young adults. However, I also see great overreach in some of these provisions that will impede the development and growth of the legal market in many ways and keep or drive consumers back into the illegal, black market where public safety is at risk.

Chair Roegner and members of the Committee, please consider how the overreach in some of these provisions is going to negatively impact public safety and support the Cannabis / marijuana black market.