

BEFORE THE OHIO SENATE
Senate General Government Committee

Testimony of Geoffrey Korff
CEO and Founder, Galenas LLC

Opponent Testimony on Senate Bill 56

February 18, 2025

Chairwoman Roegner, Vice Chair Gavarone, Ranking Member Blackshear, and members of the committee, thank you for the opportunity to testify in opposition to Senate Bill 56 (SB 56). My name is Geoffrey Korff, and I am the founder and CEO of Galenas LLC, a Level II medical marijuana cultivator based in Akron. We have operated since 2019 and currently employ 23 full-time staff, with plans to grow to 40 if Ohio Revised Code 3780 remains intact.

Market Disparity and Impact on Small Cultivators

SB 56 disproportionately limits small cultivators by capping Level 2 license holders at 3,000 square feet, with a potential expansion to 9,000 square feet at the discretion of the Department of Commerce. This restricts our ability to compete in an adult-use market projected to grow 300-500%. By contrast, under the original medical marijuana program, Level 2 licensees were allocated 12% of the market share; under SB 56, that share drops to 5.6%.

Proposed Amendment: Retain the existing cultivation limits in ORC 3780—15,000 square feet with an expansion to 20,000 square feet—to ensure small businesses can compete effectively.

Investment Protection and Property Rights

Many Level II cultivators have already invested millions in expansion based on ORC 3780. Any reduction in permitted capacity constitutes a regulatory taking and risks legal challenges.

Restrictions on Sales Channels

SB 56 changes the established sales structure by requiring cultivators to sell only to processors, eliminating direct sales to dispensaries. This:

- Increases costs by introducing an unnecessary middleman.
- Creates logistical inefficiencies.
- Forces cultivators to rely on competitors for distribution.
- Burdens vertically integrated businesses like ours, requiring us to ship to a third party only to receive the same product back for sale in our dispensary.

Proposed Amendment: Amend Sec. 3796.18(A)(1)(b) to allow cultivators to sell directly to dispensaries, maintaining the current, effective sales model.

Conclusion

SB 56, as drafted, undermines small businesses, reduces market competition, and disrupts existing industry operations. Adjustments to cultivation limits and sales restrictions are necessary to ensure a fair and sustainable cannabis industry in Ohio.

Thank you for your time, and I welcome any questions.

Geoffrey Korff

Founder and CEO, Galenas LLC
Akron, Ohio