

Chairman Rulli, Vice Chairman Schuring Ranking Member DeMora and members of the General Government committee, thank you for the opportunity to allow me to testify regarding Senate Bill 9 today.

My name is Daniel Kessler, and I am the Co-founder and CEO of Riviera Creek, a level 1 cultivator and processor of medical cannabis in Youngstown, OH. I am a lifelong resident of Ohio, and I am a third-generation employer in Northeast Ohio as my family has been in the manufacturing business there for over 100 years, in multiple industries, employing hundreds of Ohioans.

I would like to start by reminding this committee why this industry exists. Approximately 6 years ago, before Ohio had a legal cannabis program, marijuana was being consumed on a daily basis in quantities more than double Oreos and Chips Ahoy combined.

The problem was all of that cannabis was being illegally produced and illegally distributed. Product that is produced illegally, potentially contains pesticides, insecticides, heavy metals, bacteria and high quantities of fungus, yeast and mold. Users of those products have no idea about the harms those products can cause. Even worse, this illegally produced cannabis, can easily be tampered with, as there is no way to control an unregulated seller from “Spiking” the product with any number of harmful chemicals that can be anything including the cause of the vape crisis a few years ago, vitamin E acetate to fentanyl. So, unknowingly large swaths of our Ohio citizens were exposing themselves to unnecessary risks.

Then a few short years ago, the legislature took the important and responsible steps to provide Ohioans the ability to consume safe, regulated and tested cannabis! On top of that, a new source of tax and revenue for the state was created. Today any person possessing a medical marijuana card and buying from an Ohio dispensary has the comfort knowing they have safe, quality product and are doing it legally.

But to understand today's legal cannabis industry it's important to understand the supply and demand equation. A common cultivation trend in new markets, (like any **BRAND NEW INDUSTRY**) is a shortage of cannabis immediately following regulation, then an overproduction as the producers ramp up production to meet demand, and eventually an equilibrium between marijuana supply and demand. However, the industry today is in a state of overproduction, and we are still not even built out to our current capacity. Normally, a medical market is approximately 3% of a state's population. But in Ohio, instead of a targeted market of 350,000 the industry is selling to 160,000 patients.

Too much supply and not enough demand can create problems in a market. We have seen this happen in multiple states, including Oregon, Washington state and recently Michigan. Those states have issued entirely too many licenses creating an imbalance where companies produce too much product, which causes companies to become insolvent or worse. Unfortunately, bad actors from those states have been selling their unsold inventory into the illegal black and grey markets. Both of these scenarios are very problematic for the industry and our society as a whole.

Over the last several weeks you have heard from many groups, each with different opinions, the dilemma being, it is not possible to appease everyone. I understand the difficult position this committee is in. So instead of pushing through a bill that can cause so much harm to the industry, that by-and-large has benefited hundreds of thousands of patients. I am asking that additional time be spent on this bill, so that it cannot only be a benefit for the patients of Ohio, but also to the industry.

We have seen in the states I mentioned a few minutes ago, that when too much supply was created, and the legacy companies became insolvent, new companies popped up, that had no understanding of the program or its rules. This made it impossible for the regulators to keep up, and chaos ensued. At that point, the unregulated black and grey markets flourish and ultimately the government officials received the blame.

At this point, I think this bill needs to be simplified and reshaped to improve the program by helping the patients that need access. There has been some discussion and included language in the bill to attempt to increase patient count in the state. I feel the current language, although with great intention, might not have the impact to patient count we would hope for. In spite of the fact that doctors would now be able to recommend, there is a fair amount of concern, there will still be continued reluctance from most hospital chains to allow their doctors to provide recommendations as these are still not FDA approved products. I have four simple concepts that will have a positive impact on the program, the state and most importantly the patients.

1. Provide reciprocity to potential patients in other states who do not have a program of their own.

- a. For example, you may know that Ohio's hospitals are top notch, and often out of state residents seek long term care here. In some cases they receive cancer treatments. In this case, a nonresident might want to get a medical card, and they should be allowed to do so.
 - b. So, adding the ability for non-residents to receive a medical card will be a huge benefit to the state, the program and potential patients.
2. Increase the annual requirement for a doctor recommendation to 3 years instead of 1 time per year.
 - a. Currently, patients have to visit a doctor once every year, this visit is not covered by insurance, and can cost anywhere between \$100 up to \$300.
 - i. If this were to change to one visit every 3 years, it would significantly reduce the overall cost to patients, which is a barrier to entry into the program.
3. Remove the \$50 fee to the state. The state already benefits from the program, why add additional expense to the patents.
4. RN recommendations
 - a. Currently a registered nurse can prescribe any and all types of behind the counter drugs at pharmacies.
 - i. An RN should be able to recommend medical marijuana to potential patients.

These 4 points would have a real impact on the program and would help to deter the current black and grey markets here in Ohio. I hope these thoughts will help in this difficult situation. Thank you again for your time today. I am happy to answer any questions.