



Joel Pepin – Public Hearing Testimony for LD40
Maine Legislative Committee of Veterans and Legal Affairs.
March 4th, 2024

Senator Hickman, Representative Supica and distinguished members of the Committee on Veterans and Legal Affairs, my name is Joel Pepin and I reside in Standish, Maine. I am Co-Founder JAR Cannabis Company. I am testifying today in support of LD40.

Today you will hear support in favor of LD40 from a variety of industry participants, both medical and adult use operators. As you all know, such united support from industry on a particular cannabis bill is rare. I personally can't remember a recent bill post AU legalization that has had this level of industry support. The reason for the strong support is because industry operators of all types and sizes collaborated as subject matter experts on the content of this bill.

LD40 is not a piece of legislation that de-regulates the Adult Use or Medical Cannabis Programs. LD40 RE-regulates both programs in effective, practical ways that do not undermine the public health or safety of the residents in Maine. LD40 finally gives credit, in Statute, to all the hardworking business owners & their employees who go to work every day. The efforts of hardworking business owners and their employees in Maine's regulated cannabis programs have quickly grown legal cannabis to be the most valuable agriculture crop in Maine. LD40 recognizes that, and through new policy lays out a framework that is fairer to both operators and our regulator. Our industry wants to get treated like any other business in the State of Maine – not one that appears to be transacting in a toxic or hazardous substance.

More importantly, it needs to be recognized that Maine's regulated cannabis programs have been the most effective weapon the State of Maine has ever had at reducing the size of illicit cannabis market. However according to a study published in Spring of 2022 by the Office of Cannabis Policy, 34% of Maine Cannabis users at that time still purchased their cannabis in the illicit market. Since June of 2022, prices have come down and more stores have opened, likely making this figure smaller. LD40 allows our market to operate more efficiently which directly correlates to regulated operators out competing illegal dealers. We are all aware that the illicit market in Maine is here. We also know that the State lacks resources from a law enforcement perspective to investigate and enforce the current laws. LD40 improves the regulated playing field for compliant licensees resulting in a less profitable and smaller illicit market.

Other important ways LD40 helps re-regulate our industry to make it more efficient:

1. Removal of the requirement to check IDs at the door for Adult Use stores. My company currently operates 5 AU stores. We pay to have an employee sit at the front door to check ID's. LD40 allows to check ID at the point of sale. This means we wouldn't have to pay an extra staff member to sit in a chair at the front door. This change alone would save my company more than \$250k in year in payroll & benefits. No jobs would be lost, we would simply have to hire less people as my company continues to expand.
2. Clarifies subjective packaging guidelines. One black eye on the industry is the amount of packaging that is generated to comply with regulated sales. LD40 cuts down on the amount of additional exit bags and packaging being used now to comply with current law.
3. LD40 doesn't take away mandatory track and trace. It does however further define and allow for the legislation passed last session allowing for batch plant tagging and batch product tagging, as it was meant to be.
4. It streamlines the process for adult use license renewal to bring it in line with other mature industries in Maine.
5. Currently, anytime a licensee WANTS to add a new piece of equipment in their business, they must file an updated Plan of Record with the department. It could take 2-7 days for that plan to get approved. Part of the plan of record is a complete equipment list. Field inspectors have told me equipment to them means anything that is plugged in, which is unclear in current statute or regulations. If a licensee has a water spill/leak that requires the owners to get shop vacs to quickly clean up the mess – you technically are non-compliant with OCP if those shop vacs are not on your plan of record. Not operating in accordance with your plan of record can be fined up to \$10,000 for the first offense up to \$50,000 per offense for repeated offenses.
6. To my point above, LD40 brings more clarity to both the regulator and the operator when it comes to enforcement of compliance and corrective measures. My company currently holds 9 active licensees. I've spent dozens of hours with OCP field inspectors. I've firsthand heard them say multiple times that certain provisions in the current statute & regulations are onerous and difficult for them to enforce. This difficulty leads to a wide range of subjective interpretations on behalf of OCP field inspectors & regulators which results and in licensees receiving conflicting information about how to be compliant. LD40 will make the inspections and interactions between OCP more streamlined and clear cut.
7. One small point, but an important one to me. I have two boys aged 9 and 7 years old. I've been working in the Maine regulated cannabis market before they were born. I provide for them and my family through this industry. Both my kids have autism spectrum disorder. It's a constant balance trying to manage work responsibilities and family responsibilities. One difficult issue for me is the fact I can't bring my kids into one of my licensed Adult Use premises. I would be non-compliant to bring my kids into my office in Lewiston... where there are no cannabis products. I've had to stop at my stores for 10-15 minutes to handle business while they have been in the car. They can sit in the

back office of my medical store, but JAR would be non-compliant if they sat in the back office of an adult use store. Instead, I've had to risk leaving them outside in the car which is less than ideal. This small change reduces stigma and is common sense.

One final point I would like to make to all members of the committee. There has always been concern that Multi State Operators and big corporate cannabis would come into the State of Maine and take over our industry. Thanks to all the hard working, bootstrapping, owner operator businesses out there, this has never materialized. The blue-collar grit of our program's workforce has out competed the MSO's. I believe Maine has more small business owners and less corporate ownership per capita than any other regulated market in the Country. LD40 helps keep it that way. New Hampshire may be on the verge of legalizing Adult Use Cannabis. LD40 is an investment into the future of Maine Cannabis and will allow our businesses the ability to stay agile and competitive. LD40 will increase the total market size of regulated cannabis sales long term in the State of Maine.

Thank you for your time and consideration,

A handwritten signature in black ink, appearing to read 'Joel Pepin', written in a cursive style.

Joel Pepin