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ADMINISTRATIVE & FINANCIAL SERVICES

KIRSTEN LC FIGUEROA COMMISSIONER

OFFICE OF CANNABIS POLICY

JOHN HUDAK DIRECTOR

May 5, 2025

Re: LD 1820, An Act to Simplify Regulation of the Adult Use Cannabis Industry

Senator Hickman, Representative Supica, Members of the Joint Standing Committee on Veterans and Legal Affairs:

The Office of Cannabis Policy (OCP) respectfully submits the following comments in opposition to LD 1820, a bill that confounds the Office's ability to administer the Adult Use Cannabis Program and makes adult use cannabis consumers, and the public, significantly less safe. As with other proposals before this committee, this bill would roll back compromises made by the cannabis industry during recent legislative sessions necessary for the expansion of authorized activities to include delivery and off-premises sales of cannabis and cannabis products at specified events. It also allows the use of unverified patient testimonials in the marketing of *adult use* cannabis, and it will cost the State millions of dollars annually in lost excise tax revenue while at the same time requiring the creation of an alternative inventory tracking system for sales made by licensees at specified events and by delivery.

This bill will allow the public, including children, uncontrolled access to areas within licensed cannabis establishments where cannabis is grown, extracted (often using inherently hazardous substances like butane and propane), prepared, and/or stored, raising serious concerns about chain-of-custody and the introduction of contaminants or adulterants into the adult use cannabis supply. It also eliminates the Office's ability to conduct inspections of these licensed facilities, a fundamental tool used by OCP to ensure that licensees are operating in compliance with program requirements. It is entirely unserious to propose that the primary regulator of the Adult Use Cannabis Program cannot inspect the establishments to which it issues licenses, and it contradicts repeated calls from the cannabis industry to "just treat cannabis like liquor".

Furthermore, this bill will roll back inventory tracking and video recording requirements applicable to delivery and off-premises sales that were critical elements of the policies put forth by this committee during the 130th Legislature. The vague "tracking system" and "generic transport manifest" proposed as alternatives to current tracking and video recording requirements seem to require the development of a secondary tracking system meant only for these particular kind of retail transactions, as store licensees will continue to use video cameras to capture the sales made within, and at curbside pickup locations adjacent to, their stores.

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Additionally, this bill proposes to allow the use of unverified "patient testimonials" in the marketing of adult use cannabis. These kinds of patient testimonials were authorized last year for the medical cannabis program, but they clearly have no place in the state's adult use market. Indeed, it seems the drafting of this bill was done so quickly that a reference to "cannabis for medical use" was mistakenly included in Section 19 of the bill.

Finally, it did not go unnoticed that LD 1820 attempts to change the excise tax rate for cannabis flower from \$335/pound (or fraction thereof) to the cannabis trim rate of \$94/pound (or fraction thereof). While the Office is supportive of reducing the excise tax rates applicable to adult use cannabis, it must be done in a way that is both transparent and revenue neutral—this proposal is neither.

In closing, we thank the committee for its consideration of our concerns. We are available to answer any questions you may have at the work session.

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