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Re: LD 1529 – *An Act to Reform the State's Adult Use Cannabis Seed-to-sale Tracking System to Allow for Canopy Tagging*

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

I am John Hudak, Director of the Office of Cannabis Policy (OCP) and I am before you today to provide testimony on behalf of our office in strong opposition to LD 1529. As you know, OCP just completed a contract amendment with Metrc to effectuate the batch tracking changes from last year that were included in LD 1817 and to improve the customer service experience for licensees across the adult use cannabis program. Given that those changes will be fully implemented by this fall, we strongly recommend this committee defer further changes to the state's inventory tracking law until our office and program participants have an opportunity to realize the impact of those changes.

Flexible standardized batch tracking (FSTB), the first-in-the-nation solution developed to implement LD 1817 is intended to reduce the time and resources licensees expend to comply with existing inventory tracking requirements. The bill before would upend that new system by requiring yet another system modification to allow cultivation facilities to track cannabis plants not just as one batch of plants that are the same strain, planted in the same area at the same time, but by "canopy." Canopy tracking encompasses the total surface area within a cultivation facility that is used to cultivate adult use cannabis plants. Let me say that again: this bill would require OCP to go back to the drawing board to develop yet another first-in-the-nation inventory tracking system that can accommodate the tracking of an entire cultivation facility's cannabis plants using one tag. This change would make tracking at the point of cultivation entirely useless.

The remaining changes contemplated in this bill, while not entirely clear, appear to be aimed at allowing multiple kinds of cannabis items or products to be tracked using a single inventory tracking number. As we explained last year in discussions around LD 1817, it is critical that each batch of cannabis items be tracked separately to 1) ensure that all mandatory testing has been conducted on each batch of cannabis or cannabis products and 2) maintain OCP's ability to implement targeted recalls of contaminated cannabis or cannabis products.

At present, there is no cannabis inventory tracking system in the country that can accommodate the changes in this bill in a manner that will satisfy licensees. We have reached out to our

colleagues across the country to determine whether a model exists within any regulated cannabis market that accommodates the kind of inventory tracking contemplated in this bill, while preserving the ability to maintain visibility into mandatory testing and recall capability. To be clear: these discussions have included states like Washington and Vermont, which have developed their own in-house tracking systems instead of contracting with any private inventory tracking system vendor. We have heard these states' inventory tracking systems held up as alternatives to the way Maine and most other states with regulated cannabis markets do inventory tracking. While we don't want to speak for those states, those discussions made clear to us that those systems are no less fraught than those developed by private vendors.

Simply put: No state in the country tracks their cannabis inventory in the way contemplated in this bill for a reason.

As always, we thank you for your time and we'll do our best to answer any questions you may have.