



To The Committee on Veterans and Legal Affairs
March 29th, 2021

Mark Barnett
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LD 1029 NEITHER FOR NOR AGAINST

My name is Mark Barnett. I am a resident of Auburn, Maine and own a medical cannabis retail store in Portland, Maine called Higher Grounds. I'm the Executive Chair of the Maine Craft Cannabis Association, a group of independent entrepreneurs and enthusiasts focused on crafting sound cannabis policy and fostering an authentic craft cannabis industry in the state of Maine. We present testimony neither for nor against LD 1029.

This bill is a difficult one, because its clauses do, in our opinion, help smaller standalone Adult Use cultivators, product manufacturers, and retailers have access to a larger supply of cannabis coming out of production in the medical market. The unrestricted nature of this updated policy helps to ensure it isn't just the largest companies that are able to take advantage of the current 'one-time' transfer that one must be fairly large in scale to truly make the most of. So, in that, it reflects good policy within the Adult Use market.

However, when we initially supported this policy last session we hadn't yet seen how tight the medical market had become as more people discovered the power of therapeutic cannabis. Prices are much higher today in the market than they were in 2019, and last summer saw a particularly hard spike in wholesale pricing that cost patients more money for their product and saw retailer margins shrink. I remember President Jackson speaking to us about this policy some few years ago, and his first immediate concern was what would happen to supply in the medical market for patients? It turns out he was very much on point to make that observation.

Especially since caregivers are so restricted in their cultivation, the quantity of high quality cannabis demanded by medical patients does not easily respond to shocks of any magnitude, and this transfer mechanism would surely lead to a supply shock in the medical market as the much higher prices Adult Use operators would be willing to pay just to have something on their shelves would lead to a rush of medical product into that market. Prices would rise due to the marginal buying prices increasing as well as to tighter supply conditions overall. While many of our members and peers could enjoy higher realized margins for a time, we're concerned about the impact on patient prices and affordability. We would ask that this Committee weigh the benefits of this policy change with the costs it would bring to medical patients.

Sincerely,

Mark Barnett
Executive Chair, Maine Craft Cannabis Association



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