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Testimony of Matthew Bayliss in opposition of LD10129 - An Act To Amend the Marijuana Legalization Act and the Laws Governing the Taxation of Marijuana.

I am submitting this testimony as an Owner/Operator of a Licensed Tier 2 Cultivation Facility, Gèle LLC (License #ACB213) and Caregiver, Terrapin Horticultural Co., LLC.

Even as one of the first three active Adult Use Cultivation licenses issued in the state on the first day of licensing, GELE has only been operating in the Adult Use market for less than a year now. Our team has barely assessed market, financial and operating data for our own business based on this limited operating time, and certainly not a greater market analysis based on such little time and data.

Due to this lack of vital supporting data, it is apparent that the proposed amendments in LD-1029 outline a manufactured crisis of supply that would prematurely create a monumental adverse shift for both the Medical and Adult Use markets. For these reasons, I am highly opposed to this amendment as it creates a market that I, and my fellow operators, did not sign up for.

To provide an example, look at other states and their Adult Use market launches, as we have done so in establishing many of the rules and regulations for this market. It is a consistent and undeniable pattern that when a new market is launched, market supply is tight in the onset as it takes production and licensees time to catch up.

Furthermore, as markets have shown through maturity, the market corrects itself through pricing based on the available supply and demand at hand. The market should be making the decision here; however, LD-1029 proposes manipulating this market before there ever being sufficient data to make anything remotely close to a sound decision to base from.

There is already an excess supply of product in the Adult Use market currently, so much so that the market is already correcting itself. Cultivators are already forced to drop their wholesale pricing barely six months into a new market launch.

These variables are what should be dictating market decisions.

Based off OMP Adult Use open data, there are currently 20 active Tier 2 and Tier 3 Cultivation Licenses in the state, with an additional 77 with Conditional Approval in the wings for imminent licensing.

To provide a limited supply snapshot, we can review Tier 3 Cultivation licenses only, which should be producing approximately 100 pounds of flower every three weeks on a rough average.

With the current 11 active Tier 3 Cultivation license, Tier 3 Cultivation facilities alone will supply the market with nearly approximately 1,500 pounds of product per month. If the conditional Tier 3 licensees are also taken into account, nearly 6,000 pounds of product per month are sent to market, just from this one license category.

Is there something regarding that data that suggests this is insufficient supply for this market based off current retail store license counts? Even this limited data review in its most basic analysis means there is more than sufficient supply to allow the market to thrive and that there is no crisis whatsoever to force rule changes into.

Furthermore, consider the effects this will have on the current medical market that is already facing a seismic shift given the impending rule changes proposed for MMMP. Medical store product inventories notoriously always see a supply shortage during the summer. What happens this summer when there is the regular supply shortage, except this year, on top of the

supply drought, AUMP is outbidding any available supply at higher prices? This proposed unlimited transfer would further perpetuate a manipulated imbalance in both markets.

In closing, I would like to highlight that the conversation regarding product transfers began with the proposed amendment of incurring a one-time plant and product transfer, which ultimately did not pass. However, if there comes a time where there is sufficient data that highlights a supply crisis, might I suggest making these changes incrementally, such as the previous proposal of a one-time product transfer, rather than opening the flood gates with unlimited transfers and pushing the market to a place of irreparable manipulation before it's 1st birthday.

Thank you for your consideration in the matter and helping to create a thriving industry in our home. I would be more than happy to actively participate in the upcoming workshop and provide additional perspective and data at that time.

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