

An argument in favor of LD 1242 and a 2 year moratorium.

## Rules that favor large multi-state corporations harm local economies

Consider the opportunity presented to local economies as residents enter the cannabis industry. Recognize how the proposed rules would push those small businesses out making way only for large corporations who have taken advantage of the system and their place in it to exploit local markets.

The alcohol, tobacco, pharmaceutical, and even [oil & gas](#) industries all lobbied heavily against legalization efforts as they saw their profits decreasing due to legal cannabis sales. Now those same industries, after seeing the opposition was futile, are trying to maneuver their business models to operate within the cannabis industry. They have the money to hire the attorneys, accountants, and technicians to do it. And now [they think they can write our rules for us](#) as if they are unbiased consultants. Why would we want to push through rules that would make it easier for **those** businesses to enter the industry than the citizens who have been cultivating cannabis for years, have in-depth knowledge on their local markets and patients, and some of whom even paid the price with loss of their freedom? These are the industries that have covered up studies showing how harmful their products were and marketed those products to children. Looking at these corporations as entities in their own right, would they be the people we would want taking the reins of this new industry? They obviously don't have the best interests of the consumer in mind.

This is Maine. We already have a dismal job market. Look at all the grassroots efforts to bring more jobs to Maine [such as efforts like Live and Work in Maine and the Roux Institutes tech fellowship programs]. We haven't even figured out how to bring broadband internet throughout the state to draw more companies and/or remote workers here. Cannabis is one of those industries here, much like fishing, that local people know and understand deeply. Let's put more thought into nurturing that knowledge and experience for the benefit of Maine.

## Learning from legalization efforts in other states

Look to the experiences of other states (Massachusetts and Ohio in this case) and in how they have struggled to keep these multi-state actors in line:

“Last July, multistate operator **Acreage Holdings, Inc.** (OTC:ACRGF) agreed to pay a \$250,000 fine to the Massachusetts Cannabis Control Commission to settle charges that it had attempted to exceed the commonwealth's cap on adult-use cannabis dispensary licenses. In Massachusetts, the law prohibits any person or entity from controlling or holding more than three adult-use cannabis licenses in any particular class.

The company flouted warnings from regulators and sought to submit applications for two additional dispensary licenses, listing itself as a *management services provider*, which would have effectively put it in control of those operations, giving it an unfairly large market share. Notably, Acreage was also fined \$300,000 in Ohio last October, for similar misconduct (Ohio precludes transfers of dispensary ownership within the first year of operations, yet Acreage sought to enter into a management services agreement with a dispensary licensee during its first year, which would have put Acreage in control of that operation).”

They are very clearly breaking U.S. antitrust laws that prohibit achieving such monopoly status through “predatory or exclusionary conduct that is designed to thwart competitors.” They simply make their moves, and then pay the fine once they are caught. But the damage was already done before the fine was imposed. And how many more loopholes will they find and rules will they flout by weighing the cost of the fine vs the much larger immediate benefit of breaking it. There is clearly a concentration of power in the cannabis industry among multi-state operators.

I believe we only have a small window to leverage this industry for the true benefit of local economies. With the inevitable federal legalization on the horizon, current corporate giants in the industry who are already shirking the

“local Maine product only” law by carrying out-of-state cultivated cannabis, will have no incentive to work with local cultivators, further moving income out of Maine.

As representatives of the interests of Maine residents, I know you only want to do what is best for them. As I see it, there are two reasons for the regulation of a market:

**1. The health and safety of consumers**

This one, we can easily put to rest. Look at cannabis related deaths compared to alcohol and opiate related deaths. Not to mention, cannabis has clearly proven it reduces consumption of at least the latter of those substances, but anecdotally, both. This is evidenced by the fact that alcohol and tobacco industries are now looking for ways to get into the market as they see their sales dip in states where recreational marijuana is now available. Not to mention the vast *health benefits* of cannabis. There is an opiate epidemic in Maine and cannabis has proven effective at weaning patients off of opiates, even when they have been on them for decades. Many Maine residents are veterans who have returned home with PTSD. Cannabis has proven effective at reducing the symptoms of PTSD. Do we really want to make it *more difficult* for these patients to get access by passing along these fees to them? I'm not saying that cannabis is a cure-all, I am simply asserting that the harm is not proportionate to the regulation.

**2. The market and local economy**

This should really be our focus here. Creating a landscape where monopolies can easily cannibalize the industry would *do the most harm*.

**Relevant stakeholders at the rule writing table**

Because of the uneven legalization efforts in various states in the country, each state has necessarily developed their own markets around cannabis. This is why it is imperative to hear from more local stakeholders who have a deeper history and knowledge of their own current markets. And these conversations should be had at the rule writing table, not after the fact in last minute online hearings and 4 minute speeches. Let's create a more representative task force.

Let's not create another environment that is only economically advantageous to a few. Let's be the state that didn't take the easy way out - consulting with lobbyists and corporate attorneys to write the rules for them, but instead worked with all relevant stakeholders to develop a standout model *at least* equally advantageous to small local businesses as it is to multi-state corporate interests, keeping in mind that heavily capitalized businesses will always have more leverage in any market despite the “rules.” They will only continue to lobby. If we give them all of the advantages now, they will never give up that power and the possibilities of this industry contributing to local economies will be lost. Let's not be lazy and just accept the rules they are trying to write for us, many of which are simply carried over from the tobacco and alcohol industry. Together, we can devise creative solutions to compliance issues that don't preclude small businesses from participating.

I propose we use the two year moratorium to figure out how we can create a market less hostile for local business owners and more fair to customers.