



ADULT USE PRINCIPLES FOR THE COMMONWEALTH

The Pennsylvania Cannabis Coalition is a 501(c)(6) trade organization established to protect and preserve Pennsylvania's emerging cannabis market. We represent the current medical cannabis industry here in Pennsylvania and advocate for a robust yet economically sensible regulatory framework. We continue to educate elected officials, regulators, and stakeholders about the need for, and benefits of, cannabis-derived therapies.

STANDING UP AN ADULT USE MARKET

- **Within 90 days of enactment, the state must establish a legal access point for adult consumers 21 and over to purchase cannabis by grandfathering all current grow/process and dispensary operators into the adult use regulatory framework.** Allowing current operators the ability to operate within 90 days as a matter of law will allow the Commonwealth to curb illegal activity and generate tax revenue by quickly capturing illicit market sales, and avoids the proliferation of illegal operators entering the market, as was experienced in neighboring jurisdictions like New York and Washington D.C.
- **To reduce the illicit market, municipalities should not be allowed to refuse or delay currently licensed medical dispensaries from the ability to convert to adult use.** Research supports the model of automatic conversion of medical dispensaries to adult use dispensaries. Economists at the Federal Reserve Bank of Philadelphia found that each additional dispensary in a neighborhood leads to a 19% decline in the neighborhood's crime rate. A study conducted by Whitney Economics demonstrated that local bans on legal stores created an automatic economic protection zone for illegal street dealers. In communities that have not allowed this automatic process, adults with no regulated dispensaries in their communities buy cannabis from the illegal market, increasing crime in those communities.

TRANSITIONING THE CURRENT MEDICAL INFRASTRUCTURE

- **The Commonwealth should establish a new and independent regulatory body to bring focused oversight to the regulated adult use and medical cannabis program, as well as cannabinoid hemp-derived consumer products (excluding industrial hemp).** The regulatory body should be independent from any current administrative agency and should include one or more industry representatives with experience operating a cannabis business in a strictly regulated cannabis program.
- **No artificial distinctions should be made between medical and adult use cannabis products.** In all cases, these products are made and tested to the same standards. The only distinction between medical and adult use cannabis should exist at the point of retail sale, where the purchaser is verified as a registered patient or adult use consumer, and where medical patients should continue to enjoy a zero-sales tax policy. All cannabis products should be cultivated, manufactured, and distributed in the same way throughout the same supply chain.

HEALTH AND PUBLIC SAFETY

- **The legislation should ban all synthetic cannabinoids and isomers manufactured outside the regulated marketplace, including those intoxicating THC compounds marketed as federally legal hemp.** These untested and unregulated THC products are currently being sold without age verification in retail markets, gas stations, and online. The new regulatory body should be required to develop a regulatory framework to bring all intoxicating THC products and novel cannabinoids into the safeguards of the regulated market. The regulatory body should have the discretion to ban certain synthetic cannabinoid derivatives outright. This result will ensure oversight of safe manufacturing practices, age or patient verification, advertising and marketing standards, third-party lab testing for contaminants and dangerous chemicals, and applicable licensing fees and taxation through regulated channels. Further to these points, methods of



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skirting the regulated market that have become widespread in jurisdictions like New York and Washington D.C., such as gifting, membership fees, or selling unregulated cannabis and “hemp-derived” THC products online should be made explicitly unlawful in the Commonwealth.

FAIRNESS AND EQUITY IN THE CANNABIS INDUSTRY

- **Cannabis should only be sold in dispensaries that are licensed and regulated by the new regulatory body, and not be sold in state liquor stores or any other retail outlet.** The preemptive nature of Federal Law supports the expediency of the sale of cannabis via private entities. The Commonwealth acting as the primary market participant could have disastrous effects on the current market and will severely undercut the significant investment the industry has and will continue to make in the state. By acting as the seller, the Commonwealth would expose itself to significant legal and financial liabilities in the areas of banking, real estate and infrastructure, security, and training. By establishing itself as the largest cannabis seller the Commonwealth would limit job growth, consumer choice and social equity opportunities.
- **The legislation should embrace and enhance the cannabis research model established by Chapter 20 of Act 16 while allowing Clinical Registrants to participate in the adult use market.** Pennsylvania’s Clinical Registrants have produced valuable research in partnership with the states Academic Clinical Research Centers. Without current Federal funding for the research of cannabis-based therapeutics the Commonwealth’s program is at the forefront of cannabis science and is well positioned to make Pennsylvania a leader in the field.
- **New licenses that immediately result from the passage of an adult use bill should reflect social equity principles that are important to Pennsylvanians.** Reduced fees, targeted incentives, and training for new licenses owned by women, minorities, veterans, small farmers, or those with prior cannabis-related arrests due to state prohibition are important features of an adult use program.