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House Chair Callender, Senate Chair Gavarone, and members of the Joint Committee on Agency Rule Review (JCARR), my name is Herb Washington, CEO and Founder of Parkland Ventures, an Ohio-based minority-owned small business. Parkland Ventures appreciates the opportunity to comment on the adult-use marijuana proposed rule package. As an Ohio-based minority-owned small business, we are committed to providing safe and affordable access to medical and adult-use marijuana products while reinvesting in our local communities. Parkland Ventures has previously submitted comment to the Ohio Department of Commerce and the Common Sense Initiative during the rules review process. Our concern for the adverse effect on small businesses in the state has gone largely ignored in the haste to establish the adult-use program, ultimately ensuring that large out-of-state operators receive a greater share of Ohio's adult-use market. As stated to both the Department of Commerce and the Common Sense Initiative, the draft rules proposed by the Ohio Department of Commerce, Division of Cannabis Control entitled Non-Medical Cannabis License Applications –Medical to Dual-Use Conversion will have an adverse impact on our business and will directly reduce the revenue of all small businesses in violation of Ohio Revised Code Section 107.52(D). As a result, we believe that the rules must be reconsidered by JCARR. The proposed rules discriminate against current Ohio-based small and minority medical marijuana licensees for the following reasons:

1) **Lack of Cultivator Licenses.** The statute and rule fails to provide level I or level II cultivator licenses to current Ohio-based, small and minority owned medical marijuana dispensary and processor licensees unless they have an existing cultivation license. This omission restricts the ability of current licensees who do not have an existing cultivation license from expanding operations to meet consumer demand and disadvantages them compared to larger out-of-state cultivator licensees.

2) **Unequal Distribution of Dispensary Licenses.** While level I and level II cultivator licensees receive multiple dispensary licenses, common ownership restricts small and minority dispensary licensees from receiving additional adult-use cannabis dispensary licenses if they also own a cultivator or processor license. Even without common ownership, smaller dispensaries face hurdles in generating additional products due to exclusion from preferred integrated distribution networks controlled by large out-of-state licensees. We request that the State of Ohio and the legislature limit the amount of additional dispensaries awarded per entity to one to prevent over saturation of the market.

3) **Excluded Expansion for Processor Licensees.** The statute and rule impose a significant limitation on processor licensees, irrespective of common ownership, by outright

denying them the opportunity to expand into the dispensary and cultivation market. Notably, the statute and rule target Ohio-based small and minority-owned processors, subjecting them to an expansion restriction unmatched by any other cannabis license. Specifically, if you have a standalone processor license or a processor and dispensary license, but not a cultivation license you are not eligible to receive a cultivation license. This results in discriminating against all of the Ohio-based minority processor licensees and appears to be a clear attempt by the current cultivation licensees to run these Ohio-based minority processor licensees out of business. This specific restriction will have an adverse impact on our business and will directly reduce the revenue of our business in violation of Ohio Revised Code Section 107.52(D). In fact, not only may it reduce our revenue it may result in the failure of the business altogether because level I and level II cultivators could conspire to not sell us biomass or sell biomass at a prohibitively expensive price.

4) Vertical Integration Favoring Large Businesses. The statute and rule effectively grant exclusive benefits to larger out-of-state operations holding level I and level II cultivator licenses to expand their market share. The statute and rule perpetuate vertical integration which will disproportionately benefit out-of-state large multi-state operators who can integrate additional adult-use licenses within their operations, while potentially monopolizing the market and marginalizing Ohio-based minority-owned dispensaries and processors. Candidly, these level I and level II cultivators could conspire not to sell biomass to these minority processors and destroy these minority-owned businesses. The prohibition on granting cultivator or dispensary licenses to medical processor licensees hinders the potential expansion of non-vertically integrated minority processors. Excluding these current Ohio-based minority processor licensees and preventing merit-based expansion contradicts the principles of equity, social equity, and meritocracy that voters and the State have emphasized as essential for a thriving adult-use market in Ohio.

Parkland Ventures respectfully requests that JCARR reconsider the proposed rules due to their potential adverse impact, not only on our business but on all small businesses in Ohio, directly reducing revenue in violation of Ohio Revised Code Section 107.52(D). We also seek the opportunity to collaborate with individual committee members to ensure equitable access for small and minority-owned businesses in our state. Additionally, we urge the committee to direct the Division of Cannabis Control to incorporate language facilitating access to level I cultivator licenses for current Ohio-based minority-owned processor licensees and establish standards ensuring cultivation, processor, and dispensary licensure availability for qualifying minority owners under the Cannabis Social Equity and Jobs Program.

It is imperative that small and minority-owned businesses have an equal opportunity to operate and thrive in the adult-use market, mirroring the advantages given to large out-of-state operators. We remain dedicated to working diligently alongside all parties to advocate for fair and inclusive policies that support the growth and success of all stakeholders.

Sincerely,

Herb Washington