

PRESENTATION OF ANTHONY BRACH
BEFORE THE JONT BUDGET COMMITTEE
ON ECONOMIC DEVELOPMENT
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My name is Anthony Brach and I am here to provide the Joint Budget Committee on Economic Development with testimony related S.1509/A.2009 from a person whom has worked within the cannabis industry for the past fifteen (15) years and in five (5) states both before and as those states transitioned into medical or recreational use.

First off, I want to thank the Chairs of the Committees for allowing me this opportunity.

I began growing in 2003 as a hobby, transitioned into medical caregiving for Colorado patients and eventually found myself running one of the first state licensed medical cultivation sites in CO in 2011. In 2013 I took a position with a newly licensed medical cannabis group in Phoenix AZ where we operated two retail stores, a grow and extraction company. After building a successful company there, I went back to Colorado in 2016 to get a large scale, high tech greenhouse facility off the ground for recreational production. In 2018 my wife and I decided to move out east as the industry was very new, a Vermont entity needed help in overall operations of cultivation, extraction and retail. I have since been evaluating and consulting for groups in MA, MD and beyond.

Regarding the Budget Bill related to cannabis, my memo has been circulated and here are some thoughts and concerns:

The biggest issue that looms over the proposed cannabis legislation is the ambiguity in the details of how the program will be set up and put into place. States that do not spend the time on the rule set beforehand tend to see slow roll outs and therefore delayed business development. Time should be taken now to gather input on rules governing all license types. There are ample examples of states implementation plans available for New York State to utilize and codify into a piece of legislation.

Another issue is the prohibition of vertical integration for all license holders. Our collective experience has shown that having the **choice** to vertically integrate works best in the market place and allows for all levels of participation. Allowing certain business groups to vertically integrate can insulate that business from market fluctuation. No vertical integration ensures that the retailer ends up controlling what the consumer buys, not the consumer themselves. The retailers tend to have a conflict between bottom line and consumers. This drives the market to be dominated by the lowest cost producer which does not encourage small business, it achieves the antithesis.

Controlling vertical integration, a way to limit the large groups from dominating the market place is to limit the total number of licenses to three (3). Meaning a group can possess up to 3 of each type of license if it desires. We typically see 1 cultivation, 1 processing and 2-3 dispensaries held by a single entity. This will encourage small businesses and allow them to flourish.

Creating tiers of cultivation licenses is a way to both control the market supply while also ensuring entities are maximizing their canopy. Proving production and sell through minimums to increase canopy is just one of many ways to do this. The NYS market can be 3-4 times that of Colorado, we need to keep it diverse and functional.

Regarding the types licenses it has been out experience that having a distributor license is a redundancy that leads to additional costs to the consumer by adding an additional level of regulation. The grower/processor should be acting as the distributor thus guaranteeing the pricing will not be unduly inflated. Unlike alcohol sales, the margins in the cannabis business are much smaller once the market matures.

Safety testing is a dire need from a public health concern. Clearly labeled potency results for both cannabinoid and terpene profiles should be required. Some simple but effective biological screenings for human pathogens along with rigorous pesticide/fungicide testing would be the next topic. Clear and precise sampling protocols must be adopted to ensure the rules are being correctly followed and enforced. Lastly, testing labs should meet or exceed some type of industry protocol so that every lab is testing within a similar set of SOPs to keep testing accurate.

Public consumption may be the biggest issue in all for New York State. With almost 20 million residents and over 240 million tourists, New York will have to provide safe and legal areas to consume cannabis. Thinking the process through to not impede an adult's right to consume while keeping the public safe will take some time, but it must be done right. In my mind, these lounges will become similar to a bar, where there is not only cannabis to consume but also fare of all kinds.

I have seen the need for social justice reform in this bill. I believe there are a multitude of great things that can come from cannabis law reform in New York State.

I want to thank you for taking the time to listen to me today.

Best Regards

Anthony Brach