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Official Testimony: Emerald Penn

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**House Health Committee – Subcommittee on Health Care
Informational Meeting: Adult-Use Cannabis**

Date: February 5, 2024

Chairman Frankel, Chairwoman Rapp, and Members of the House Health Committee:

Thank you for taking the time to assess the many policy matters that must come with the state's potential consideration of adult-use marijuana. While many states in the nation have already taken steps to move down this path of adult-use, Pennsylvania must be certain not to replicate mistakes by others.

For background, we are the founders of [Emerald Penn](http://www.emerald penn.com) – a Central Pennsylvania small business focused on responsible marijuana use and patient care. *Emerald Penn* was founded with the goal of entering the state's medical marijuana market with a focus on exceptional customer service, high-quality products, and above all, creating a positive impact on our local community.

While our primary goal remains to compete for a medical marijuana permit and create new opportunities for small, diverse, and disadvantaged businesses within the industry, *Emerald Penn* also strongly supports options to expand into the adult-use market. But doing so must be done cautiously and with a long-term focus.

Currently, there are [24 states](#) in the United States that have taken steps to approve some form of adult-use marijuana legislation. Each of Pennsylvania's bordering states-except West Virginia-are among those on this list. Ohio was the most recent to do so via voter referendum in November 2023.

With almost half the country moving down the path of adult-use legalization, there is an array of policy options to consider here in Pennsylvania as lawmakers assess similar plans. From tax rates to permitting requirements, there are many ways to create an adult-use market.

Emerald Penn believes several vital points must be considered. First and foremost – and we cannot stress this point enough – Pennsylvania must diversify its marijuana market. While the large multi-state operators (MSO) have dominated the market since the legalization of medical marijuana in 2017, more needs to be done to open the space to small, diverse, and disadvantaged businesses.

[Act 16 of 2016](#), which created the medical market in Pennsylvania, included specific provisions under [Section 615](#) that required efforts to meet diversity goals. Unfortunately, most believe the current market is not meeting the goals set forth in this section. And while the MSOs should be applauded for their efforts to build the current system, more needs to be done to allow others the opportunity to compete.

Creating new opportunities for small, diverse, and disadvantaged businesses in the marijuana market – both under the current medical system and any expansion to adult-use – will bring a locally centered care and perspective to an industry that is currently led by larger corporations. Specifically, we are urging lawmakers to create new opportunities for locally owned and operated businesses.

The majority of Pennsylvania's existing medical marijuana dispensaries are run by large, multistate operators. Many of these operators have spent the last several years acquiring smaller entities. This, along with the provisions included in [Act 63 of 2023](#), has essentially vertically integrated the entire system. While this was not the intent of Act 16, the fact remains that opportunities for smaller, locally owned entities are few and far between.

As it relates to the state's medical marijuana market, *Emerald Penn* is advocating for the enactment of [House Bill 1942](#) and [House Bill 1881](#). These proposals would create new opportunities for small, diverse, and disadvantaged businesses in the state's existing medical market. Additionally, we ardently believe the principles of these bills should be applied to any discussions related to adult-use policies.

While the adult-use and medical markets align with different public policy goals, there are some overlapping points that should be applied equally. Access to opportunities for locally owned businesses is among them.

There are no doubts the existing multi-state operators that support the state's medical system will advocate for initial access to an adult-use market. To be fair, those operators have already been vetted by the state and many of them support both medical and adult-use markets in other states. Thus, transitioning markets here in Pennsylvania would make sense. But they cannot be the only entities afforded opportunities.

Like any product-driven market in any industry, variety matters, and it drives competition. *Emerald Penn* believes this perspective needs to be applied to any expansion of Pennsylvanian's marijuana industry – adult-use and medical. Customers and patients are served differently by small, community-based businesses versus larger, corporate-like operators. One is not necessarily better than the other, but the services and support will differ.

Lawmakers and state policy officials have long promoted their support for small businesses in Pennsylvania. These efforts must carry forward into the state's marijuana market. In the early onset

of the Shapiro Administration, the governor signed an [Executive Order](#) designed to increase state contract partnership opportunities with small and diverse businesses.

When announcing the order, Governor Shapiro released the following statement: *"By supporting our small diverse businesses, we'll not only grow our economy and strengthen our communities – we'll also create more competition for Commonwealth business and secure higher quality products and better results for all Pennsylvanians."*

If these are the principles by which the Commonwealth intends to honor its partnerships with Pennsylvania-based businesses, then they should also be applicable to instances in which businesses are looking to secure state permits within the marijuana industry. Small, diverse, and disadvantaged businesses must be prioritized.

In looking at other states that have ventured down the path of adult-use policies, social equity measures have often been a part of the discussion. These are important considerations to assess, and they should be included in Pennsylvania's discussions. However, if implemented, the policies need to work best for operators and customers or patients.

States like [Missouri](#) and [Arizona](#) have seen problems with initiatives focused on social equity related to their respective marijuana industries. Additionally, states like [Massachusetts](#), which enacted a similar social equity provision, have seen significant challenges in fully realizing the objectives of its program due to lack of access to necessary capital.

These problems – coupled with successes in other states – should be viewed as a map of what to do, and what not to do, should Pennsylvania move toward adult-use considerations. To obtain a successful adult-use market, we must utilize the benefits and best practices of large MSO organizations coupled with the locally centered benefits of small, diverse, and disadvantaged businesses. Pennsylvania does not need a one-size-fits all approach, but a comprehensive strategy to address both adult-use and medical cannabis.

Small, diverse, and disadvantaged businesses were effectively shut out of the state's medical marijuana market. And while likely an unintentional consequence of statutory moves that led to a vertically integrated system, it's a reality lawmakers must consider moving forward.

Pennsylvania should move toward an adult-use model before neighboring states dominate the regional market and our communities are forced to play catch-up. But to do so in the right way, it is imperative that small, diverse, and disadvantaged businesses are given priority and initial opportunities in the new system.

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