



DEVELOPING A SUSTAINABLE, DIVERSE, AND WELL-REGULATED ADULT-USE CANNABIS INDUSTRY IN PENNSYLVANIA

Pennsylvania is poised to build on the success of its medical marijuana program by implementing the most advanced adult-use cannabis regulatory system in the nation, grounded in the principles of diversity, safety, sustainability, economic development, and social equity. The Pennsylvania Cannabis Coalition (PCC) believes the Commonwealth can address the social and economic barriers that many Pennsylvania communities face by creating an inclusive, yet well-regulated adult-use program. Such a program should be designed to carry on the standards of safety, security, and consumer protection currently enjoyed by Pennsylvania's medical cannabis patient population.

The PCC is committed to an inclusive, dynamic marketplace in order to ensure broad, diverse access to the program for Pennsylvania's entrepreneurs and workforce. The Commonwealth's existing operators are best suited to quickly and efficiently establish the foundation of an adult-use infrastructure based on the following principles.

Broad Access to Ownership and Diversity of Workforce:

- *Lower barriers to entry for new market participants.* A new adult-use program must provide access to attainable licenses for eligible minority and women-owned business enterprises (MBE/WBE). Removing control of real estate as a component of the provisional licensing process will reduce the economic drain on aspirational operators.
- *Ensure the success of new market entrants.* Lower registration, licensing fees, and initial taxes for social equity applicants. Implement transitional periods of incremental taxation to allow MBE/WBE entrepreneurs the opportunity to gain a foothold in the marketplace.

Infrastructure and Economic Development:

- *Build a robust program by creating family-sustaining and upwardly mobile jobs.* An adult-use industry in Pennsylvania is an opportunity for the creation of at least 25,000 new jobs to meet the market demand. The PCC membership has endeavored to generate incentives to create family sustaining jobs and prioritize hires from local minority communities.
- *Increased economic development.* To date, PCC members have invested over \$300 million in new infrastructure in the commonwealth. An adult-use program in Pennsylvania can generate an estimated \$581 million in new tax revenue in its first year.¹

¹ Auditor General of Pennsylvania, Regulating and Taxing Marijuana (July 2018). Available at: https://www.paauditor.gov/Media/Default/Reports/RPT_Marijuana_FINAL_reduced%20size_071918.pdf

- Scale. Operators must scale quickly to meet the consumer demand of an adult-use market, recruit and train employees, expand production capabilities to meet Day 1 through Day 365+ demand, while new licenses are issued, and operators begin to come into the marketplace.
- Early revenue. Through licensing fees, existing operators can generate the early revenue needed to administer the new program and to provide resources for social equity licensees. A successful adult use program must support the existing operators early so those operators can, in turn, support new market entrants over the next 2-4 years.

Social Responsibility:

- Adult-use brings new economic opportunity to areas disproportionately impacted by the War on Drugs.
 - A licensing system must ensure a culture of compliance and responsibility, while rewarding high-achieving entrepreneurs from racially diverse communities in order to foster diversity of ownership.
 - A community redevelopment component of tax revenue should include public health services as well as workforce training. Development of a community college curriculum certificate program will create a pipeline from disproportionately impacted communities into this emerging industry for thousands of capable workers.
- *Decriminalization for non-violent cannabis offenses*. Pennsylvanians convicted of non-violent marijuana related offenses should have their slates wiped clean and be allowed to re-enter the workforce without the impediment that accompanies a criminal record.

Security, Safety, and Consumer Protections Must Remain Top Priorities:

- Quality assurance, packaging, labeling standards must meet current medical program standards.
- Facilities must meet the same rigorous safety standards that have empowered the medical program to avoid criminal activity and diversion of products.
- We support efforts of public health and law enforcement agencies to develop tools to fight DUI, substance abuse, and youth involvement.
- A properly regulated and administered adult-use program must be designed to undermine the illicit market for cannabis.