



Senate Federal & State Affairs Committee

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Oral In-Person Proponent for SB560- Medical Marijuana Regulation Act

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Good morning Chairman Olson and members of the committee. Thank you for the opportunity to address you this morning on the topic of the Senate cannabis bill. My name is Shelby Story and I have been a resident of Kansas for over 20 years. I have been a Kansas business owner for over 15 years, and I served on the Leawood City Council for several years. I truly appreciate your service to our Kansas community.

I support SB560 and the legalization of medical cannabis in the State of Kansas and offer some insights from my company's many years in the cannabis industry.

As written, SB560 creates an unlimited license market for the State of Kansas. We feel strongly that this is not in the best interests of the residents of Kansas, the cannabis operators in the state, or for the State of Kansas itself. We also recognize the concerns of the legislature about making the process of awarding licenses fair to all applicants and reducing the State's exposure to litigation which we have all seen throughout the country. However, creating an unlimited license market is not the best approach to achieving those admirable goals.

We need only look to our neighboring State of Oklahoma to see what chaos such a market creates. Oklahoma has issued some 12,600 licenses to cannabis operators in the state. That is roughly one license per 317 residents of the state. As a result, many licensees have either not opened their business or have opened and gone out of business. With so many licenses, it is nearly impossible for all or even most of the licensees to be profitable. As a result, much of the cannabis in the state is now being sold on the black market. Just last month the Oklahoma Bureau of Narcotics seized over \$500 million dollars worth of black market marijuana. With so many licenses, the state regulators cannot keep up and the black market operators are blending in with the licensed cannabis operators. We are told that the State of Oklahoma is planning to hire 1000 additional regulators to try and reign in the industry in that state. The cost of that to the state is astronomical.

By comparison, the State of Missouri has issued approximately 348 cannabis licenses. That is one license per every 17,529 residents. The State of Arkansas has issued 48 licenses, or one per every 62,500 residents. Patient counts in a state that has newly adopted medical marijuana program is historically very low. It takes a few years for the patient counts to grow to a level that can support a fledgling industry. Taking a limited license approach early allows the industry to gain its footings and provide the citizens of the state with a safe market. As importantly, it allows the state to implement a thorough regulatory program that can grow with the industry. Regulation and state oversight is the key

to a successful program. The State of Oklahoma has found that with its unlimited license market, it cannot afford to regulate the industry in the way that it should.

Based on our experience in states throughout the Midwest, we believe that a limited license concept is the best approach for the industry, the patients, and the State. We also believe that there are methods of awarding licenses in a limited license market that reduce the risk of litigation to the State. The first of those is a rank scored approach that spells out specifically the requirements that an applicant must meet to be awarded a license. This approach ensures that the license recipients will be capable of opening their operations and able to provide the patients with safe and affordable products. A second option is a lottery approach utilized in many states. In this scenario the State sets out minimum requirements that an applicant must meet to be entered into the lottery. Then it is simply random drawing by the State Lottery Commission.

Some states believe that setting application fees high is a good method to weed out applicants that do not have the wherewithal to actually operate a cannabis operation. This has proven to be false in many states. Many people can muster up \$100,000.00 to file an application, risking their entire life savings to do so. It is another matter to come up with \$250,000.00 to open a dispensary or \$2,000,000.00 or more to open a cultivation facility. Additionally, wealthy individuals or corporations can swoop in and by hundreds or thousands of licenses effectively wiping out the folks that risked their life savings to apply for a license.

In conclusion, I thank you for your consideration of this bill and respectfully request that you consider a limited license approach to ensure that Kansas has a safe, successful, and manageable medical marijuana industry. Our residents deserve access to this product. If I can be of any assistance to this committee on this topic or any other, please feel free to contact me at any time.