

THOMAS G. HAREN

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Re: H.B. 523

Chairman Coley, Vice Chairman Seitz, Ranking Member Yuko, and other distinguished members of the Ohio Senate Government Oversight and Reform Committee:

My name is Tom Haren, I am an attorney practicing near Cleveland, Ohio, and I reside in Parma with my wife and children. Thank you sincerely for allowing me the opportunity to testify today on House Bill 523.

First, allow me to commend you and the other legislators in Ohio's General Assembly for addressing the topic of medical cannabis. I have been an advocate for a smart, responsible, and well-regulated medical cannabis industry in Ohio from the time that I had family members stricken with multiple sclerosis. In law school, for instance, as a member of the Cleveland-Marshall College of Law Journal of Law & Health I organized a symposium on legalizing medical cannabis.

I am testifying today specifically regarding the proposal within H.B. 523 to delegate the licensing framework entirely to the nine members of a Medical Marijuana Control Commission (hereinafter, the "Commission"), which I understand your Committee is considering amending. Indeed, as proposed, H.B. 523 allows for the Commission to grant four classes of licenses for the cultivation, processing, testing, and dispensing of medical cannabis but offers no guidance or instruction as to how many licenses should be awarded, the requirements for obtaining these licenses, the renewal of these licenses, or even the process for re-evaluating limits to grant each class of license.

I am concerned that by delegating this important component, the Ohio General Assembly will effectively, if unintentionally, cede control to the wealthy and well-connected — which is precisely what Ohioans rejected when voting against ResponsibleOhio's cartel by a 2-1 margin in 2015.

A Commission with full discretion to award medical cannabis licenses under H.B. 523's current model may very well fall victim to the money, power, and influence of the very same people Ohio rejected less than two years ago. It is no secret, after all, that the wealthy few have a unique ability to obtain favorable government regulations at the expense of those not-so-well-connected.

There is also no real reason to believe that setting arbitrary limits on the number of licenses to be granted will have any greater ability to foreclose this market consolidation. Top-down planning does not work in any segment of the economy, and there is no reason to believe that it would work in the medical cannabis industry.

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I respectfully propose that the Ohio General Assembly amend H.B. 523 to incorporate a licensing framework allowing for applicants to obtain licenses through a competitive bidding process without arbitrary limits imposed either by the Commission or through legislation. Medical cannabis licenses should be awarded based on their merit and the benefit that the applicants can provide to Ohio patients.

There are estimates that Ohio's medical cannabis industry could generate annual sales in the neighborhood of \$100 million, and the most effective way to prevent consolidation of market power is to have an open market with numerous participants. A restricted market will only result in higher prices for Ohio patients (who will be paying for medical cannabis out-of-pocket because it will not be covered by health insurance) and higher profits for the select few.

If Ohio does not have a well-functioning medical cannabis market then this legislation is, with all due respect, useless. In New York, for example, the state awarded a mere handful of licenses and they only have approximately 1,500 certified patients. New York regulated the industry to death and Ohio can do better.

Consequently, I ask that this Committee amend H.B. 523 to incorporate a licensing framework allowing for applicants to be judged on their merit (as opposed to arbitrary license limits) and competition in the marketplace for the benefit of Ohio patients.

Thank you again for allowing me to present testimony on this important topic. I am grateful for the opportunity.