



Special Committee on Economic Development and Recovery
RE: Kansas Medicinal Cannabis Legalization

Chairwoman Lynn and members of the Special Committee on Economic Development and Recovery
Members,

I want to thank you for taking the time for this hearing and allowing me the opportunity to speak to you today on behalf of the Kansas Cannabis Business Association (KSCBA) on the revenue and economic benefits of medicinal cannabis reform in Kansas

When the KSCBA was formed, there were already proven advantages in legalizing medicinal cannabis from an economic standpoint, but as the year has progressed, more and more data is becoming available every day in support of the true value this new market is to state revenues. Based on the medical marijuana industries associated with each state and their experiences in enacting their various programs, we can make important, educated decisions needed to bring these same economic benefits to Kansas; particularly at a time when our state needs quite a boost. We all know the position Kansas is in after the effects of Covid-19 are truly beginning to be felt by Kansans; I imagine everyone here is included in that. And while Kansas may have started this crisis at a greater deficit than many states, we have an advantage in the ability to build an entirely new industry, from the ground up. One in which acts as a conduit for all other industry in the state.

Perhaps the most exciting aspect of these new markets is in the way it feeds nearly every other market, in one way or another, either through vendors in traditional markets, already in operation, or through, new, ancillary business; those that do not come into contact with the plant, itself, or require a license, but would not exist but for the cannabis industry. These include companies in cultivation products like specialized soil, manufacturing and packaging, extraction and lab equipment, contracting, security, software and technology. There are even new sectors tailored for cannabis operators in banking institutions and insurance agencies, one of which I own. Agencies like mine do not exist without a market to serve. The appeal of the medical marijuana market in other industries leads to rapid additional growth, often bringing in more in funds than actual plant-touching businesses.

With a program modeled after Oklahoma, who released a tax revenue report this month indicating that total state and local tax collections from January through July — as well as collections of the 7% excise tax outlined in State Question 788 — exceeded \$80 million. The amount is already nearly 1.5 times the amount taken in on cannabis sales last year. So far in 2020, more than \$45 million in tax proceeds from medical marijuana sales have gone to state and local entities, including the state's general revenue fund and drug and alcohol rehabilitation fund, as well as the operating costs for Oklahoma's regulatory body, the OMMA making their program fully self-sustaining. That agency reported that as of this month, a total of 9% of Oklahoma's population are licensed patients, and that number continues to grow. While these numbers are impressive to say the least, they are extraordinary considering marijuana sales have only been legal in Oklahoma since Oct. 26th, 2018, less than two years ago

Though, Oklahoma has seen this boom to their economy, it has been largely to the credit of their program, which is the closest to a free market cannabis system in United States. The business-friendly regulations they've enacted have been a stark contrast, both in reward and cost. Programs less like Oklahoma's and more like Ohio's, which have set up strict, limited, highly restrictive markets have cost those states millions. For example, Oklahoma's bill was passed in June of 2018, with Missouri's passing only 5 months later, in November. With more than \$275 million in medical marijuana sales so far in 2020, the state is on pace to eclipse \$700 million by the end of the year. The legalization of medical marijuana in Missouri was touted as an economic boon, especially benefiting those areas of the state decimated by years of disinvestment. But their market has yet to begin, with only \$19 million brought in in 2019, and no numbers to report in 2020, even though legalization passed over a year ago, and medical cards have been issued.

This has also left law enforcement in a bind, as they navigate the legalities of possession in the gray area between having no dispensaries open and patients with the documented right to possess medical cannabis, leaving every police department in the state to decide its own definition of the law. Missouri also chose a highly restrictive and limited licensing system in which scoring rules, conflicts of interest, corruption by state officials, and unclear regulations have resulted in \$1.3 million in costs defending themselves in court, with 785 out of 853 cases still remaining unresolved. In addition to that, the Health Department spent another \$3.1 million administering their program. They are using money from fees from medical marijuana cardholders and business applicants to pay for their private law firms; money of which was supposed to be deposited into a new Veteran's Health & Care Fund, and the governor's administration is now being investigated by special Two programs only six months apart with wildly different results.

Covid-19 has had a major impact on the economic welfare of nearly every industry, but across the nation, that strain is not being felt in cannabis. Thousands of full-time jobs are created every week, and sales have reached record highs during the crisis. With this in mind, the possibilities Medical marijuana could have for Kansans are difficult to ignore. With legislation modeled after Oklahoma's and the appropriate measures taken to avoid the economic and legal woes of states like Missouri, Kansas will build a revitalized economy from this crisis, advancing well beyond the prosperity of other legalized states and emerging as leaders among our neighboring states.

Thank you,

Erin Montroy
Co-President | CEO
Kansas Cannabis Business Association
e.montroy@kscba.org
913.200.5223f

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