



Statement of the Connecticut Medical Cannabis Council
Senate Bill 1138
Finance, Revenue and Bonding Committee
April 29, 2019

Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and members of the Finance, Revenue and Bonding committee:

The Connecticut Medical Cannabis Council (CMCC) would like to offer brief comments in regard to Senate Bill 1138, *An Act Concerning Community Restoration Funds*.

CMCC is comprised of the four licensed medical marijuana producers in the state. We not only produce the medical marijuana that patients purchase from medical dispensaries, but also formulate specific extracted ratios from the many medical properties of the cannabis plant. Our products are verified and validated by independent third party laboratory testing; our pharmaceutical grade medicines have helped Connecticut patients treat a variety of serious and debilitating ailments.

We have limited our public testimony this session to issues that pertain to the medical marijuana program. However, section 6 and section 7 of the bill outline proposed taxes on cannabis products in an adult use program, and we would like to offer our thoughts on this.

Section 6 would impose a \$35/ounce tax on cannabis flower at the cultivator (wholesale) level as well as a \$13.50/ounce tax on cannabis trim.

Assuming a current wholesale price of \$125/ounce for flower, this would amount to a 28 percent tax. However, if the price ultimately drops in half to \$62/ounce, it would constitute a 56 percent wholesale tax rate.

The result is the legal cannabis product would be much more expensive than what is available on the black market. Diversion would be encouraged. CMCC would suggest the committee consider a simple flat-rate percentage surcharge on the price applied at the retail level, so consumers will know precisely how much the taxes are. A wholesale tax, as proposed here, would simply be folded into the final price at the retail stores, but consumers won't see that. We believe transparency is important.

Finally, we would encourage the committee to add language to Senate Bill 1138 that expressly states the taxes and surcharges do not apply to the medical marijuana program. Individuals who qualify for that program have debilitating medical conditions. Many are low-income and need this medicine. Taxing that product will simply raise the final cost and could cause participants to seek out the cheaper black market product or stop using this medicine altogether.

Thank you for considering the views of the Connecticut Medical Cannabis Council.