March 2, 2020

RE: Letter in support of SB 16 and suggested amendments

Dear Committee Members,

On behalf of The ScottsMiracle-Gro Company and our subsidiary The Hawthorne Gardening Company we urge you to create a legal marketplace for the responsible production, distribution and consumption of cannabis. Outdated drug laws continue to impact the lives of millions of Americans arrested for minor drug possession crimes, which result in lifelong harm while ignoring the benefits of a regulated system. This proposed legislation would allow Connecticut to tax and regulate the adult use of marijuana and spur economic benefits to many in the state.

The ScottsMiracle-Gro Company is the quintessential American business. Established in 1868 in Marysville, Ohio the ScottsMiracle-Gro name is synonymous with America’s love for lawns and gardens. Connecticut has been a home to one of our manufacturing facilities, for many years allowing us to create one of the largest green waste recycling facilities supplying the Northeast with mulch, soils, and other products used in gardening. The Hawthorne Gardening Company is the leading provider of nutrients, plant supplements, growing media, air filtration and lighting used for hydroponic and indoor growing. Hawthorne also distributes hundreds of other products used in the indoor cultivation of plants to retail stores throughout the state and the region.

We have had an opportunity to learn from the successes and failures of other states that have implemented adult and medical programs and while we support the legislation we ask the Committee to consider several improvements to the legislation.

**Fair licensing that creates opportunities**

We support legislation that will responsibly regulate the availability of cannabis and create an economy that will help to eradicate the illegal market. This means setting up a market with a fair licensing system that will encourage job creation and provide opportunities for small businesses. According to a report by Leafly, the states with the most licenses employ more workers in the cannabis industry than any other state: California (47,822), Washington (33,591) and Colorado (31,486). States that have arbitrary limits on business licenses have routinely ended up in litigation with applicants. Arbitrary limits can also result in inflated prices, less competition and diminished consumer protections.

It is imperative that Connecticut create a cultivation licensing system with tiered canopy sizes for large and small operations. Canopy sizing allows the state to better understand the supply potential of the marketplace and control expansion. To create
diversity in the marketplace the state should only license smaller operations for the first few years, allowing for more small and midsize businesses to participate and creating opportunities for license holders to establish themselves in the marketplace. The diversity in the number and size of businesses will help to create a more resilient marketplace supplying consumers with competitive pricing and product choices, while making Connecticut less reliant on the success of a select handful of businesses.

In addition, the state should be conscious of creating hurdles to participation in the legal marketplace through expensive application and licensing fees, mandatory start up requirements, and high taxes. Such barriers have inhibited participation in other states’ licensing programs from individuals without large investment backers. Many of these costs will also drive up product prices making legal businesses less competitive with the illicit market and less attractive to consumers.

**Permit limited cultivation for personal use**

Connecticut should also allow for limited personal cultivation to ensure access to affordable, safe, and effective cannabis. Programs have been implemented in most states that mimic home brewing laws resulting in a cap on personal production. A study by Leafly compared the cost of growing at home versus purchasing at a dispensary and approximated that one gram of cannabis can be ~75% cheaper to grow at home ($3.90 vs $15). For a low income patient or an adult consumer this could be the difference from participating in a legal or illegal market place.

Personal cultivation becomes even more essential as a legal access point if the state permits local control, which has led to bans or overly restrictive zoning rules in other states that limit market access. These policies create large distances between consumers and dispensaries and present many consumers no legal access points. Without personal cultivation these consumers are left only with the illicit market as their access point. Legalization cannot effectively fight the illicit market without both commercialization and personal cultivation as consumer options.

Finally, many personal growers who are consumers and patients prefer to control the inputs used on their plants. Personal cultivation facilitates safe production of plants so that the grower can decide what products they use in cultivation and production allowing them to avoid additives they do not want their bodies exposed to. For patients personal cultivation also permits the patient to grow plants that best treats their conditions while also providing access to patients that may have a debilitating condition that prevents travel.

**Limit Local Government Control**

Overly-restrictive local bans and zoning rules have been used to limit market access and inflate costs, which drives consumers to the illegal market and undermines the state-regulated system. This is why we believe states should ensure local governments allow state-licensed cannabis businesses and personal cultivators to operate in their jurisdictions. States should adopt measures that allow local governments to address legitimate public health and public safety issues while ensuring that illegal sales are not perpetuated in place of state authorized activities.
Include Department of Agriculture Expertise

It is important for the State of Connecticut to rely on the expertise of the Department of Agriculture in the regulation of cultivation operations. In other states, challenges have arisen in regulating cultivation operations without the participation of the Department of Agriculture. The Department of Agriculture contains experts in the fields of plant pathology, pest management, and even economics that understand agricultural markets that will be needed in regulating the industry. The Department of Consumer Protection should formally consult with the Department of Agriculture.

Conclusion

We applaud the Committee for taking the time to learn more about this. As an American company with over 150 years of business experience, we have many unique insights about this emerging industry and would be happy to share those perspectives as the Committee continues to consider this legislation.

Sincerely,

Brian Herrington
Director of Government Affairs
Hawthorne Gardening Company