

Dear Esteemed Members of the Connecticut General Law Committee,

Thank you for taking the time to read my submitted testimony. While there are many issues in this bill, I would like to focus on the new restrictions placed on federally legal hemp sales in CT. My name is Gordon Whelpley. As the founding chapter member of the Cannabis Beverage Association in CT, an active member of the Hemp Beverage Alliance, and an aspiring small business owner with a desire to comply with all state and federal regulations, I attest that this bill will deter my business from launching in the great state of Connecticut.

I would like to begin with what I understand as our common ground. Intoxicating hemp beverages **should** be regulated and age-restricted to 21+ adults, just like their alcoholic counterparts. These products **should not** be marketed to children, just like their alcoholic counterparts. Products released for sale **must adhere** to CT potency and labeling requirements, and **should only** be made with non-synthetic, federally legal, and safe ingredients. The verification of the above requirements should be determined by accredited third-party laboratories, and those test results should be readily available to the consumer from a scannable QR code on each package. Importantly, these testing results must be consistent with the stated potency on the package.

When in compliance with these requirements, low-dose THC beverages are a safe alternative to alcoholic drinks, and should be available for purchase to adults 21+ in the same retail locations where alcohol can be sold for off-premise consumption. Additional regulations to the aforementioned, particularly the excessive limitations of THC mg-per-container and those restricting where they can be sold, will preclude the establishing of my business in CT. We've seen in states like MA, ME, CO, CA, and others that the adult-use market is unable to accommodate the shelf-space needed to sell THC-infused beverages. They take up significant retail space in stores that are not equipped to handle the storing and stocking of beverages - especially since they would now be required to be stored in their designated vaults at the beginning and end of every workday. Simply put, why would a dispensary stock these products when the best selling items are pre-rolled joints (~150-200 mg THC) and vape cartridges (800 mg THC), and they take up a fraction of the vault space?

Stores and dispensaries would prefer keeping the regulations as they are to cut down on congesting their valuable vault space with beverages. I have personally met and spoken with many F&B and dispensary license holders in CT, and not one is opposed to 5mg hemp-derived drinks being available for sale through liquor stores. Very sensibly, they would prefer the regulations to stay as-is so they can carry these products outside of their vault in their stores. To be clear, this is not to say that THC-infused beverages aren't desired by retailers and consumers as a preferred method to safely enjoy cannabis. On the contrary, we've seen that segment of hemp-derived beverages grow remarkably quickly in the past few years. There is a significant, lucrative future with these products, and CT should be

poised to benefit from it. Of course, hemp-derived THC-infused beverages are federally legal products and can be shipped directly-to-consumers through the mail. Not only does this bypass CT state regulations for products being consumed within the state, but it limits the tax revenue gained from those sales. This bill, as written, would effectively kill this category in CT, and any potential tax revenue the state would gain from it.

While the regulated market in CT is yet in its infancy, the legislature should not discount the lessons from other states like Minnesota. With a population of ~3.5 million and regulations that allow for hemp-derived THC products to be made and sold to 21+ adults, Minnesota is taking in over \$1 million per-month through a 10% tax on these products.

It's evident that a large part of the constituency wants these products, and I want them to be able to consume safe, sensibly-regulated beverages for their continued enjoyment. If we remove beverages from the shelves to adhere to the new regulations in this bill, we will be doing a disservice to the proliferation of safe, regulated hemp-derived products in the market for CT residents.

Hemp-beverage companies that produce out-of-state, but are currently compliant and selling in CT will stop shipping to retailers here rather than meet these aggressive new standards. The inherent economics to produce and sell products with such a low-dose of THC per beverage are cost prohibitive. Those manufacturers that would have to comply with this bill would be forced to leave. The result is this: an absence of up-to-code, safe, regulated beverages on shelf will cause consumers looking to buy them to purchase elsewhere. While federally legal vendors of hemp-derived THC-infused beverages with online stores are supposed to meet CT regulations, many simply do not test for or care to adhere to restrictions on synthetic cannabinoids – but will happily continue to ship to the state.

The best way to protect the CT consumer from these bad actors is to give consumers access to these products in liquor stores. There are 1300+ liquor stores in the state compared to the 30 current (and what will eventually be 70+) dispensaries. Restricting this market to test the adult-use pathway will result in a dead-end for the category, and drive consumers into the illicit market.

Lastly, I would like the committee to consider the economic implications to producers of hemp products. While these products remain federally legal, this bill punitively restricts CT producers and manufacturers by limiting their ability to sell full-spectrum and federally-compliant hemp products out-of-state. Whitney Economics estimates that the US demand for hemp products is, at the low end, a \$21 billion market. Despite the potential limitations on where and how these products are sold within CT in this bill, the manufacturers of these products should be able to engage the market outside of the state. Manufacturers should be allowed to sell products made in CT to states and consumers who

are not unduly restricted. New York has adopted a policy that allows for manufacturers to produce products which are not compliant for sale within NY, but are meant for sale out of state where these products are allowed. Ensuring this potential avenue for sales would be a much needed life-line to CT hemp growers and manufacturers of hemp-derived products like THC-infused beverages.

Thank you again for your time and consideration. I hope I have made it clear that beverages require different considerations than the rest of the combustible and edible THC products. Likewise, I hope that I have outlined that there is a simple path to keeping consumers safe through the already in-effect and age-restricted channel of liquor store sales, and that this would generate significant state funding through sales and excise tax on these products.

Thank you,

Gordon Whelpley