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Chairman Miller, Senator Street, and members of the Senate Democratic Policy Committee:

Thank you for the opportunity to provide testimony on behalf of the Pennsylvania Cannabis Coalition (PCC) regarding the legalization and regulation of adult-use cannabis in the Commonwealth.

PCC represents Pennsylvania's licensed medical cannabis industry, including grower/processors, dispensaries, Clinical Registrants, and other organizations supporting the regulated cannabis marketplace. Our members have spent nearly a decade operating under Act 16 and have made significant investments in Pennsylvania facilities, employees, security, testing, technology, research, and regulatory compliance.

As the General Assembly considers adult-use legalization, PCC believes there is one fundamental principle that should guide the discussion:

Pennsylvania is not starting from scratch.

The Commonwealth has nearly a decade of experience regulating medical cannabis. We have an established industry and supply chain, trained employees, testing laboratories, security and inventory-control systems, and an existing retail network serving hundreds of thousands of patients.

Pennsylvania also has the benefit of learning from the experiences of other states—both their successes and their mistakes.

Adult-use legalization therefore presents an opportunity not simply to authorize another category of cannabis sales, but to modernize Pennsylvania's entire approach to cannabis regulation.

1. Establish the Regulated Market Quickly

   The first priority following enactment should be moving adult consumers from the illicit market into a regulated marketplace as quickly and responsibly as possible.

   PCC supports allowing Pennsylvania's existing medical grower/processors and dispensaries to transition into the adult-use market, with legal sales beginning within 90 days of enactment. Existing operators already possess the facilities, trained employees, security systems, testing

relationships, inventory controls, and regulatory experience necessary to safely serve adult consumers.

A lengthy implementation period does not prevent cannabis sales. Those transactions are already occurring. Delaying implementation simply prolongs the period during which consumers purchase cannabis from sources that are not subject to Pennsylvania's testing, labeling, tracking, security, or age-verification requirements.

Pennsylvania should similarly avoid unnecessary local barriers for facilities that have already been approved to operate as medical dispensaries. PCC supports automatic conversion of existing medical dispensaries rather than allowing municipalities to effectively relitigate siting decisions already made under Act 16.

A successful adult-use law must be designed not merely to create a legal market, but to create a legal market capable of competing with the illicit one.

2. Protect and Strengthen Pennsylvania's Medical Cannabis Program

   Adult-use legalization cannot come at the expense of Pennsylvania's medical cannabis patients. Patients should retain the benefits of participating in the medical program, including their zero-sales-tax status and access to a program designed specifically around their medical use of cannabis.

   At the same time, protecting patients does not require Pennsylvania to create two separate cannabis industries. PCC supports a common supply chain in which medical and adult-use cannabis are cultivated, manufactured, tested, and distributed under the same rigorous standards. The primary distinction should occur at the point of retail sale, where an individual is verified as either a registered medical patient or an adult-use consumer. This approach preserves the medical program while avoiding unnecessary duplication of facilities, employees, inventory, and regulatory systems.

   Pennsylvania should also preserve and expand the research model established through Chapter 20 of Act 16. Clinical Registrants and their Academic Clinical Research Center partners have created a research infrastructure unique to Pennsylvania. PCC believes Clinical Registrants must be able to participate in the adult-use marketplace while continuing that important research.

   Adult-use legalization should strengthen what Pennsylvania has built under Act 16—not inadvertently dismantle it.

3. Establish an Independent Cannabis Regulatory Body

   Nearly ten years of experience administering Act 16 have also demonstrated the need for a regulatory body dedicated specifically to cannabis.

   PCC supports establishing a new and independent regulator responsible for medical cannabis, adult-use cannabis, and intoxicating cannabinoid consumer products. Cannabis regulation now touches agriculture, manufacturing, laboratory science, public health, consumer protection, taxation, law enforcement, workplace policy, advertising, banking, and an

increasingly complicated marketplace of intoxicating cannabinoid products. These issues require specialized expertise and sustained attention.

PCC therefore believes the Commonwealth should establish an independent cannabis regulator rather than place an expanded cannabis marketplace within an existing administrative agency that is simultaneously responsible for numerous unrelated programs and priorities. That body should also include meaningful operational expertise. PCC's Adult Use Principles recommend including individuals with experience operating cannabis businesses within highly regulated markets.

The purpose is not to reduce regulatory oversight. Quite the opposite. A dedicated regulator can provide more effective, consistent, transparent, and accountable oversight of an industry that will only become more complex following adult-use legalization.

The need for a dedicated cannabis regulator was further underscored by the Pennsylvania Auditor General's September 2026 performance audit of the Department of Health's oversight of the Medical Marijuana Program—the first such review since the program was implemented in 2016. The audit examined DOH's inspection, complaint and enforcement processes for grower/processors and dispensaries during 2024.

The findings independently validate concerns PCC has raised for years regarding consistency, transparency, accountability and predictability within the current regulatory structure.

Among other issues, auditors found that DOH lacked adequate internal controls to ensure inspections and enforcement actions were performed consistently. Inspection documentation was not consistently retained, supervisory review was not consistently documented, Notices of Deficiency were not always issued—or were issued late—and Plans of Correction submitted by regulated operators were not always reviewed or approved in a timely manner. The audit also found inadequate approval processes for complaint conclusions and Plans of Correction, which auditors concluded reduced the effectiveness of DOH's oversight.

The findings are particularly significant because regulated operators are themselves subject to strict compliance requirements and deadlines. As PCC noted following release of the audit, operators generally met the required 30-day deadline for submitting Plans of Correction even as the Department struggled to timely review and approve those submissions. A regulated industry should be held accountable for meeting its obligations, but effective regulation also requires predictable procedures, documented decision-making and accountability from the regulator.

Importantly, the audit should not be viewed simply as a criticism of individual employees within the Bureau of Medical Marijuana. It highlights a larger structural problem. Pennsylvania has placed responsibility for a highly specialized and rapidly evolving industry within a Department of Health that has a broad public-health mission and numerous competing responsibilities.

Adult-use legalization would dramatically expand the scope of cannabis regulation. In addition to overseeing the existing medical program, the Commonwealth would assume substantially greater responsibilities involving licensing, inspections, product oversight, enforcement, consumer protection and public health.

Pennsylvania should not respond to that expansion by simply layering those new responsibilities onto a regulatory structure that an independent state audit has already identified as needing stronger controls and processes.

Instead, adult-use legalization provides an opportunity to address the underlying structure. PCC supports an independent cannabis regulatory body with dedicated staff, resources and subject-matter expertise overseeing medical cannabis, adult-use cannabis and intoxicating cannabinoid products.

The Auditor General's findings reinforce that this is not simply an industry preference. Pennsylvania needs a regulatory structure capable of providing consistent oversight, timely decision-making, clear procedures and accountability to patients, consumers, regulated businesses and the Commonwealth.

4. Create One Coherent Framework for Intoxicating Cannabinoids

   Pennsylvania cannot meaningfully address cannabis-related public health and safety while ignoring intoxicating cannabinoid products sold outside the regulated cannabis system.

   Licensed medical cannabis operators must comply with extensive requirements governing cultivation, manufacturing, testing, security, tracking, packaging, labeling, advertising, and sales.

   Meanwhile, intoxicating THC products have been sold through convenience stores, smoke shops, and online retailers without comparable safeguards. From a consumer-protection perspective, the source of an intoxicating cannabinoid should not determine whether basic safety standards apply.

   Intoxicating THC products and novel cannabinoids must be brought within the safeguards of the regulated marketplace, while allowing regulators to prohibit dangerous synthetic cannabinoid derivatives. Pennsylvania should establish consistent expectations for intoxicating products, including appropriate manufacturing standards, laboratory testing, packaging and labeling, age verification, advertising restrictions, and enforcement.

   The Commonwealth should regulate these products based on what they do, rather than allowing substantially different regulatory treatment simply because of how the source plant is legally classified.

5. Create Meaningful and Sustainable Economic Opportunity

   Adult-use legalization should create opportunities for Pennsylvanians who have not historically participated in the regulated cannabis industry.

   PCC supports meaningful social-equity provisions for new licenses, including reduced fees, targeted incentives, and training opportunities for women, minorities, veterans, small farmers, and individuals affected by prior cannabis prohibition.

   However, Pennsylvania should learn from the experiences of other states: issuing a license does not necessarily create a viable business. New cannabis businesses face substantial barriers

involving access to capital, banking, real estate, municipal approvals, regulatory compliance, and federal prohibition. An equity program should therefore be evaluated not simply by the number of licenses awarded, but by whether those businesses actually open, compete, employ Pennsylvanians, and remain sustainable.

Pennsylvania can recognize the substantial investments already made by existing medical operators while simultaneously creating meaningful opportunities for new entrants. These objectives should not be viewed as mutually exclusive.

6. Maintain a Privately Operated, Highly Regulated Retail System

   PCC believes cannabis should be sold through cannabis dispensaries licensed and regulated by the Commonwealth—not through state liquor stores or unrelated retail outlets.

   Pennsylvania has already built a network of facilities specifically designed to safely dispense cannabis. These facilities maintain controlled access, extensive security systems, trained employees, inventory controls, and experience verifying patients and handling regulated cannabis products. Creating an entirely separate state-run retail infrastructure would duplicate much of what already exists while raising significant operational, legal, financial, banking, real estate, and security questions.

7. Pair Legalization With Effective Enforcement

   Legalization alone will not eliminate Pennsylvania's illicit cannabis marketplace.

   A regulated business cannot compete on equal terms with an unlicensed seller who does not pay taxes or licensing fees and does not comply with product testing, security, tracking, labeling, advertising, or age-verification requirements. Pennsylvania must establish clear rules and give regulators and law enforcement practical tools to address illegal commercial activity.

   That includes unlicensed cannabis sales and attempts to circumvent the regulated marketplace through gifting, membership fees, online sales, or other arrangements designed to disguise cannabis transactions. PCC's Adult Use Principles specifically call for those methods of evading the regulated market to be made explicitly unlawful.

   Enforcement should focus on protecting consumers and the integrity of the regulated marketplace—not perpetuating the consequences of cannabis prohibition for conduct the Commonwealth has determined should no longer be criminal.

   Accordingly, an adult-use framework should also include meaningful criminal-justice reforms addressing past cannabis offenses that would no longer constitute illegal conduct under Pennsylvania law.

Pennsylvania has debated adult-use cannabis legalization for years. During that time, the marketplace has continued to evolve.

Our neighboring states have legalized adult use. Pennsylvania's medical cannabis program has matured. New intoxicating cannabinoid products have entered the marketplace. And Pennsylvania

consumers continue to purchase cannabis regardless of whether the Commonwealth provides them with a legal, regulated adult-use option.

The question before policymakers is therefore larger than whether Pennsylvania should permit adult-use cannabis.

The question is what Pennsylvania's cannabis policy should look like for the next decade.

The Commonwealth should build upon the infrastructure that already exists; protect and strengthen the medical cannabis program; establish an independent regulator with dedicated cannabis expertise; create meaningful and sustainable opportunities for new businesses; regulate intoxicating cannabinoids consistently; and establish a legal marketplace capable of competing with the illicit market.

Pennsylvania does not need to reinvent cannabis regulation.

We have nearly ten years of experience under Act 16. We have an existing industry and regulatory infrastructure. And we have the experiences of more than twenty other states from which to learn.

The Commonwealth has an opportunity to take those lessons—both the successes and the failures—and create an adult-use framework designed specifically for Pennsylvania while building a stronger regulatory system for patients, consumers, businesses, and communities.

Thank you to Chairman Miller, Senator Street, and the members of the Committee for the opportunity to provide testimony. PCC looks forward to continuing to serve as a resource as the General Assembly considers the future of cannabis policy in Pennsylvania.