



Kannavis

8709 Fingerboard Rd

Frederick, MD 21704

January 19, 2021

Re: HB 217 – 280E

To: The Honorable members of The Maryland House of Delegates

Kannavis opened its doors to serve the patients of Maryland’s medical cannabis community in December 2017. We are a small business; locally owned and operated, majority female-owned, majority female managed, and hold a dispensary license only. We have spent the last 3 years building our business from the ground up with the help of a diverse group of talented employees. We have championed educating our employees and patients to ensure they have the relevant knowledge about medical cannabis while also removing the negative stigma around the medicine they are selling and consuming.

Operating as a dispensary, a majority of our expenses do not fall within the federal standards for classification as an allowable cost of goods sold expense. This law creates an undue burden on our small business, especially when examining how we should spend our payroll dollars. Unlike other areas within the medical cannabis market, the majority of our payroll is not eligible to be classified as an allowable 280E COGS expense. This greatly affects our ability to hire support staff to effectively facilitate growth.

When we opened we started with 7 employees and in 2021 we now employ over 30, the majority of which are full-time with company sponsored benefits. By allowing us at a state level to utilize all of our expenses to reduce our taxable income, like other state-legal businesses, it would allow us to bring on more support staff and continue our growth. We estimate that the tax savings from removing the 280E burden at the state level would allow us to employ several additional full-time employees and allocate funds to improve our training program to the benefit of Maryland patients. Imagine if all the legal medical cannabis businesses in the state could do the same, creating more employment opportunities in the State of Maryland is a goal that we all should support, especially in these challenging times. Thankfully since we were deemed an essential business we have remained open during the pandemic. This means that our staff did not need to take unemployment and they were able to continue to support themselves and their families. In order for Kannavis to remain open we incurred substantial expenses to ensure our employees’ and patients’ safety while we operate curbside. These unforeseen expenses due to the pandemic may not be eligible to reduce our taxable income for 2020 posing further hardship on our small business.

We respectfully ask that consideration is given for the cannabis industry to be treated with the same parameters as all other state legal businesses. We are committed to the community that we live in, work in, and serve. We are grateful for your consideration in allowing us to continue to grow our business within our home state of Maryland.

Respectfully,

Jane Klink and Gigi St. John; owners and operators of Kannavis

Rana Caprarola; Finance and Operations Manager