I am the Chief Strategy Officer for Franklin BioScience, a company that holds licenses in both Nevada and Colorado, and just completed the application process in Pennsylvania. In my role, I have been a part of working groups in all three of those states to help law makers and regulators evaluate the best and most practical ways to regulate both medical and recreational cannabis use. In addition, I have lead our company's efforts in exploring expansion and partnership opportunities in California, Oregon, Washington, Canada, Ohio, Massachusetts, Maryland, Arizona, and Florida. As part of that process, I reviewed each of those jurisdiction's laws and regulations.

Overall I think the Department of Taxation has done a great job drafting the initial set of regulations, and I applaud the State's effort to get this program off the ground early. That said, I would specifically like the Department to reconsider the regulations imposed under Sec. 29. Working every day under a similar system in Colorado, I feel strongly that requiring cultivators to specifically designate each of their plants as medical or "adult-use" is misguided for several reasons:

1. As an operator, there is absolutely no difference in the manner in which we treat or process our plants based on the mandated designation. All operators should be held to, and apply, the same standards regardless of whether they are producing a plant/product for medical use or recreational use, and in practice, operators do just that. This added layer of tracking and designation is an unnecessary burden on the business and the state, adding a cumbersome layer of compliance that ultimately costs everyone involved a great deal of time and money without providing any additional value to the end-user or medical patient.

2. Given that the designation must take place at the time of cloning, there is also a very large, and potentially detrimental, impact to the market and to patients. The growing cycle takes over 10 weeks from start to finish, and requiring an operator to essentially "guess" what demand, pricing dynamics, and consumer/patient needs are going to be 2+ months down the road is not only unfair to the operator but it's unfair to the end users and patients. I have witnessed first-hand in Colorado, a shortage of medical product, severely limiting patients' access to medicine, while operators sat on recreational inventory.

My suggestion to the Department would be to either, a) completely do away with these designations, and allow the different taxation schemes to be applied at retail depending on whether the buyer is a medical patient or a recreational consumer, or b) allow the cultivators and producers to apply the "medical" or "recreational" designation at the time of sale to a dispensary or distributor. By doing this, you alleviate a lot of unnecessary compliance and overhead for businesses and the department, you allow market dynamics and supply/demand to determine where product ends up, and you can be more certain that the needs of medical patients will be met.

I was unable to attend the working group in person, so have opted to submit my comments in writing. I'd be happy to discuss this further either on the phone or via email – my contact information is below. Thank you for all your work on this matter, and I am looking forward to a successful program that will benefit all of us.

My best,
Cyrus Farudi
Chief Strategy Officer
Franklin BioScience (NV Licenses C096 & P087)