# Legislative Briefing 2026

Presentation to the Interim Joint Committee on Agriculture

KENTUCKY
CANNABIS
INDUSTRY ALLIANCE

# NATIONAL ALIGNMENT

### Schedule III Shift

DOJ reclassification acknowledges medical utility and dismantles the punitive 280E tax barrier for all KY operators.

### 2nd Amendment Rights

"Federal jurisprudence protects medical cannabis patients from categorical firearm bans, ruling that state-legal cannabis use alone is not a constitutional basis for stripping a citizen of the right to bear arms."

# CLINICAL SAFETY & RESULTS

- **15.47% Overdose Reduction:** Evidence shows significant drops in opioid fatalities in states with active medical programs.
- **Lab Standards:** Kentucky mandates 100% batch testing for toxins, mold, and heavy metals at multiple stages.
- **Safe Supply Chain:** Eliminating the contamination risks inherent in the illicit, non-regulated market.

# THE UNREGULATED MARKET

## The Regulated vs. Unregulated Crisis

Kentucky's medical program must compete with non-regulated "hemp" products that currently lack compliance overhead and safety oversight.

- **No Compliance Cost:** Hemp retailers avoid the $250k+ fixed regulatory hurdles required for medical licenses.
- **Testing Discrepancy:** Medical products face mandatory double-stage testing; unregulated products face zero.
- **Market Strain:** Patients choose lower prices in unregulated stores or less regulated states, unaware of the potential risks.

# CAPITAL INFRASTRUCTURE

**Tier 3 Cultivator: $40M+**

Industrial-scale pharmaceutical hubs.

**Tier 2 Cultivator: $15M**

The mid-scale commercial production standard.

**Processor: $1.5M - $5M**

Specialized extraction and cleanroom build-outs.

**Dispensary: $500K - $2M**

Patient-facing medical retail centers.

# SEED TO SALE ECONOMICS

| TIER 2 CULTIVATION | | PROCESSOR | | FINAL LAB TEST | | DISPENSARY |
|---|---|---|---|---|---|---|
| $15M Build | Secure Transport | $1.5M-$5M Build | Secure Transport | $400-$600 / Batch<br>Double Verified | Secure Transport | $500K-$2M Build |

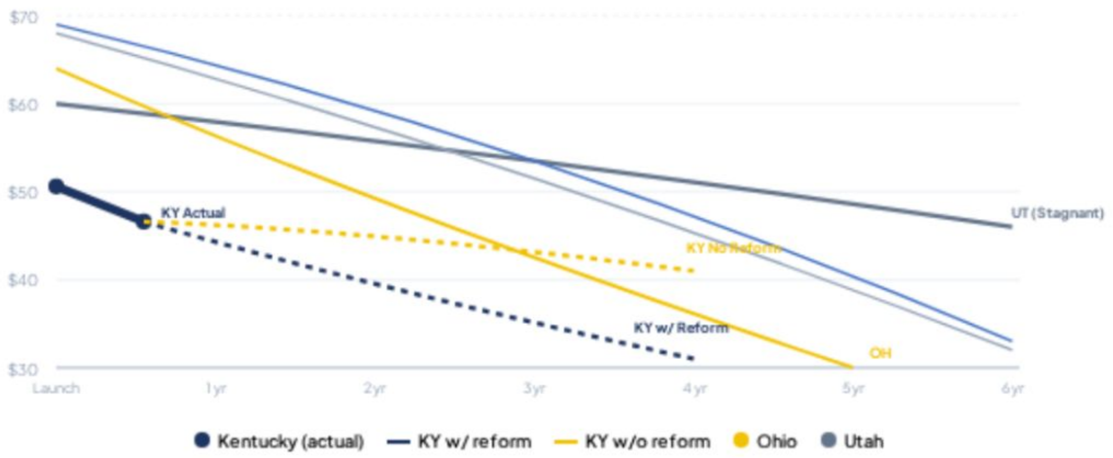
| SMALL BASE | | REG COSTS | | HIGH PROD COST | | CURRENT WHOLESALE | | CURRENT RETAIL |
|---|---|---|---|---|---|---|---|---|
| 25,000 Patients | → | $250K-$500K / Licensee | → | $80-100K Monthly Utility Costs | → | $7.85 / gram ($27.50/ 1/8th)<br>Already down 7.4% from 29.70 in Q1 | → | $13.28/ gram ($46.50 / 3.5g)<br>Already down 8% from 50.55 in Q1 |

*Calculations reflect current Kentucky Q1/Q2 actuals. Note: Mandatory testing occurs both before and after processing to ensure pharmaceutical integrity.*

# PRICE COMPRESSION TRAJECTORIES

**Retail Price per 3.5g — Months Since Program Launch (Medical-Only)**

KY plotted with actual Q1/Q2 data & projected paths




### ⚠ UTAH'S REGULATORY BARRIER

Utah compressed only **28% in 4 years** because they capped conditions strictly (21) and created high patient onboarding barriers.

**Telehealth Restrictions:** Utah mandates **in-person, face-to-face** evaluations for all initial certifications and new-provider switches. Patients are blocked from starting online, severely limiting access.

### NOTE ON REFORM

Kentucky's wholesale flower dropped from **$29.70 to $27.50 (-7.4%)** in a single quarter. To maintain this compression, we must prevent Utah-style telehealth and condition bottlenecks.

| PENNSYLVANIA | ARKANSAS | OHIO | UTAH | KENTUCKY AVERAGE |
|---|---|---|---|---|
| $52-56 | $60-70 | $62-65 | $60-65 | $50.55 Q1 / $46.50 Q2 |
| -50% / 6 yrs | -55% / 5 yrs | -43% month 30 | -28% / 4 yrs | -8% in 90 days |

# THE ACCESS BARRIER

ELIGIBLE KENTUCKIANS

**400,000+**

Estimated number of currently eligible Kentuckians

### Bridging the Enrollment Gap

Currently, only **25,000 patients** are enrolled—just over 6% of the qualifying population.

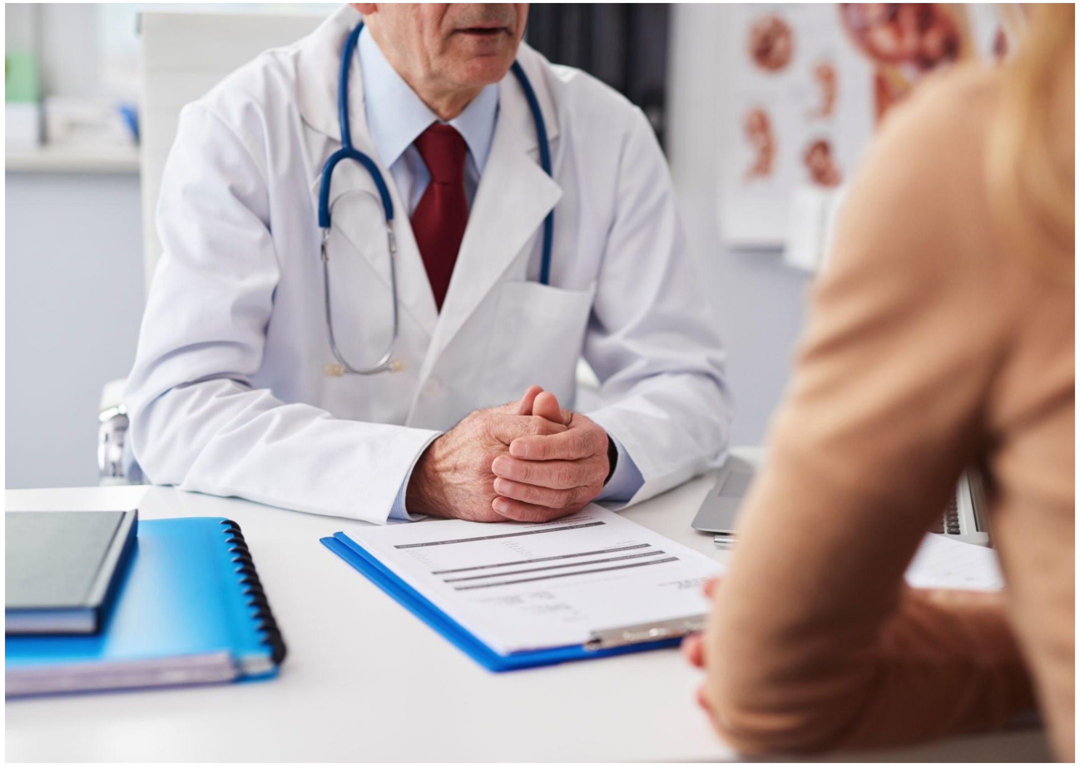
**Barriers for Patients:**

- Confusion around permissible diagnoses, the certificate process and notary requirements.
- Lack of telehealth options.
- Inability for licensees to inform and educate patients.

# MARKET OPPORTUNITIES

### Physician Discretion

Empower Kentucky's medical providers to recommend  based on clinical expertise rather than a limited statutory list. Moving to discretion resolves rural doctor shortages, saves patients money on appointments,  and ensures they receive tailored medical care.



# THE POTENCY DILEMMA

## The 70% Cap

Potency caps do not discourage use; they compromise product safety and increase costs.

**Cutting Agents:** To dilute natural oil below 70%, processors must add fillers, introducing unnecessary chemicals.

**Dosing Failure:** Patients with severe conditions struggle to achieve relief without high-integrity, terpene-rich extracts. Additives complicate dosing guidance.

# HOW TO LOWER PATIENT PRICES

Regulatory reforms at **zero cost** to KY taxpayers.

### Repeal Notary

Eliminate redundant application hurdles.

### Physician Discretion

Trust clinical judgment, not static lists.

### Telehealth All

Clinical access for rural and disabled.

### Remove 70% Cap

Permit safer, additive-free extracts.

### Educate Patients

Build the market through advertising.

**Market scale dilutes fixed overhead, lowering the price floor for every patient.**

# Questions?

PROTECTING ACCESS FOR KENTUCKY PATIENTS

**KENTUCKY CANNABIS INDUSTRY ALLIANCE**

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