



January 17, 2023

Re: Testimony in favor of SB2201

Madam Chair & Distinguished Members of the North Dakota Legislature:

My name is Jonathan O'Keefe, co-founder and owner of Strive Life Grand Forks. Strive Life Grand Forks was the only locally owned medical cannabis dispensary originally selected that is governed by the North Dakota Department of Health, Division of Medical Marijuana. Strive Life Grand Forks opened in May 2019 and was the second medical marijuana dispensary in the State of North Dakota.

I want to begin my testimony with gratitude. I am grateful for the leadership shown by the North Dakota legislature for molding the policy in century code for medical marijuana that was passed by North Dakota's citizens in 2016. Your support has helped thousands of North Dakotans seek a medical alternative that was not available to them prior to 2019. These North Dakotans, many of whom are Veterans of our military, seek relief from cancer, epilepsy, anxiety, and many more life-threatening diseases. We have been able to deliver this care under the safe and sanctioned supervision of the State. Help is delivered, and the community is safe and protected.

I am here as a business owner, state and federal tax payer, and North Dakotan whose family has been in North Dakota since it became a state. I graduated from the University of North Dakota, and am raising my family in Grand Forks. Prior to Strive Life Grand Forks, I operated three McDonald's franchises in North Dakota and Minnesota.

I am here today to testify in favor of Senate Bill 2201. A medical cannabis dispensary owner faces significantly more challenges than a traditional business owner. Unlike a traditional business, a dispensary or cultivation center, while legal to operate in North Dakota, is categorized as federally illegal. Despite being federally illegal, a dispensary or cultivator will pay up to 11% in federal taxes yearly. Guidelines drawn by the federal government mandate these businesses follow 280E tax law. Under 280E these businesses are not allowed to write off some of the most common business-related transactions such as lodging, gas or employee uniforms. Outside services all come at a premium price. Dispensaries and cultivators must hire specialized tax, legal and payroll consultants to remain compliant with State and federal law. Another obstacle is banking. FDIC insured banks will not bank these businesses, and that includes our state-owned bank.

Dispensary and cultivation owners pay tens of thousands of dollars to comply with the law, pay hundreds of thousands of dollars in State and federal taxes, and take extraordinary personal risk to do so.

*Strive Life Grand Forks 1809 13<sup>th</sup> Avenue North Grand Forks, ND 58203*



I state these facts to give a broader view of the challenges these State-sanctioned businesses face. North Dakota compassion center certification for cultivators is \$110,000 and dispensaries are \$90,000. These are some of the largest fees in the country — more than Illinois, Oregon, Missouri, or Arizona, for instance. The State of North Dakota cannot change federal tax law or provide for safe federal banking. But the State of North Dakota does control this fee.

A reduction in fees will ease the burden State-sanctioned cannabis dispensary and cultivators face. The relief will help us pay our fair share of State and federal taxes, and will be put to good use paying for the specialized support we require unless or until safe banking is legal. We are North Dakota based businesses asking for your help. This change will have a positive impact on the residents employed by us and the patients we serve. Your leadership made this business possible and now I ask for your help in making them fiscally viable. Please support Senate Bill 2201 and help support the nearly 9,000 patients we serve across North Dakota.

Respectfully,

A handwritten signature in black ink that reads "Jonathan O'Keefe". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jonathan O'Keefe  
Co-Owner Strive Life Grand Forks