



Welcome to the Surna Newsletter. Each month, we will discuss a trending topic within the cannabis industry.



## NCIA Lobby Days and Lift Expo: What We Learned

At Surna, we've had a busy few weeks and we want to keep our readers up to date not only with what we're doing but also with what we're learning about this new industry. In the last month, we've gotten up close and personal with both the American and Canadian cannabis markets. On May 15, we traveled to Washington, DC to participate in the [National Cannabis Industry Association's \(NCIA\) Lobby Days](#). Then two weeks ago, we headed to Toronto to attend and exhibit at the [Lift Expo](#). Both events were enlightening and gave us an even better understanding of the trends in, and future of, this exciting industry.

### **NCIA Lobby Days**

NCIA sponsors Lobby Days each year so that both businesses and individuals can come

together as a united front and reach out directly to those in charge of policy about critical topics facing the industry. The event featured everything from a fundraiser for Florida state Republican Representative and advocate for fair and safe practices for state-legal businesses, Carlos Curbelo, to pre-scheduled meetings with NCIA members and state representatives.

Attendees of NCIA's Lobby Days were broken into teams with the goal of covering as much ground as possible. Surna's Marketing Manager, Jamie English, was fortunate to meet with aides for Rep Kathleen Rice (D-NY), Rep Paul Cook (R-CA), Rep Frank Pallone (D-NJ), Rep Mike Thompson (D-CA), Rep Al Lawson (D-FL), Rep Pete Aguilar (D-CA) and Rep Timothy J. Walz (D-MN) to talk about the challenges facing the industry today and what solutions both businesses and individuals involved in the industry recommend.



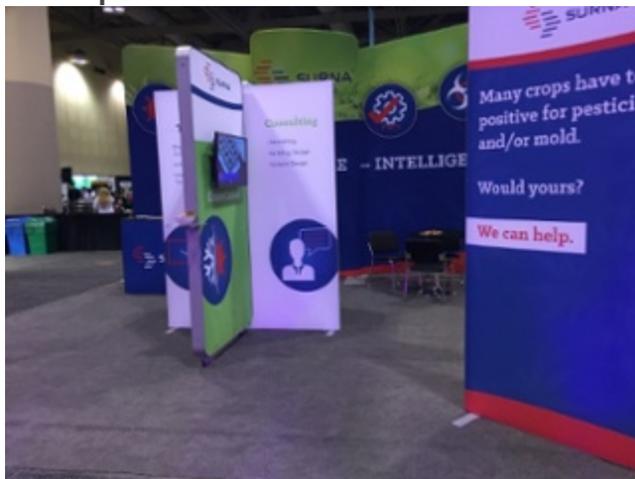
[There are many issues facing the industry.](#) The lack of federal regulation causes many problems for cannabis related businesses. NCIA Lobby days highlighted two of the more predominate issues. As many of our readers know, tax codes and banking regulations

cause a myriad of problems for cannabis businesses and must be revised for the industry to thrive.

[Section 280E of the Internal Revenue Code](#) unfairly punishes state-legal cannabis businesses. As the tax code stands, it prevents legitimate businesses from being able to deduct business expenses, causing them to pay much higher taxes than other businesses outside the industry. Not only is this unfair but it also punishes businesses that create jobs and pay taxes. With a fair tax code, cannabis businesses would have more room to stimulate our economy.

Another issue facing the industry is [unfair banking regulations](#). Because cannabis is currently scheduled as an illegal substance federally, finding banking services can be difficult for cannabis businesses, impeding their ability to get financing and invest in their businesses. These regulations also force businesses to operate in an all-cash environment, complicating the jobs of state regulators and tax collectors and inviting crime into facilities unnecessarily. While the Departments of Justice and the Treasury have taken some steps to address these banking issues, more is needed before the industry can move forward. Lobby Days focused on talking with representatives about the need to pass legislation that would provide a permanent safe harbor for financial institutions serving the industry to encourage better banking services for businesses.

## Lift Expo



Two weeks ago, the Surna team ventured to Toronto, Ontario to attend the largest cannabis business tradeshow in Canada. It was a great experience for us as it was our first cannabis

event in Canada. The show was a great success; we met with many groups setting up new cultivation facilities and talked a lot about coming regulations and application processes.

The Canadian cannabis market is quite different from the American market and that was made evident in the general energy at the show. Since Canada has not yet federally legalized adult-use cannabis, we primarily discussed the medical market. From our interactions, it seems as though many applicants for medical marijuana licenses are nearing the end of the long and complicated Health Canada application process. Some applicants we spoke with said that it had taken as many as 2 to 3 years to complete the application and all the due diligence around it. While the US market is not consistent across states, states that have legalized medical have a much shorter process. For example, one of the stricter states to legalize, Pennsylvania, is about to award cultivation licenses despite only making the application available this past February. This means that many of the applicants we spoke with were well-versed with what the process of setting up a commercial facility for cannabis production truly entails.



Lift was also exciting for us because we've had a more limited presence in Canada up until this point. We met with many people at the show who were not as familiar with our products and services but were very excited about Surna's comprehensive offerings. With such an overwhelming and time-consuming application process, finding a partner like Surna who is truly an expert in cultivation environments and can provide consulting, design and support in one place was intriguing to many applicants. We look forward to expanding our business into Canada.

[While recreational marijuana is still a year away](#), it was a large topic of conversation. There were many attendees who visited our booth who were in the early stages of collecting information on how the industry will work. Unfortunately, it is still unclear how the recreational market will be structured, but Canadians are preparing themselves to participate in an amazing new industry.

We feel very fortunate to be on the front-lines of the changing political landscape of cannabis both in the US and in Canada. Being able to attend and participate in both of these events was a great learning experience for us, helping us to cement our status as experts in not only environmental control, technology and cannabis, but also in policy around the market. All of this knowledge helps us to better make our clients goals a reality.