



OREGON CANNABIS

Political Action Committee

Testimony of Geoff Sugerman
SB 844-1
Representing Oregon Cannabis PAC
March 23, 2015

Thank you for the opportunity to testify on SB 844-1. We wish to highlight several areas where we have questions or where we believe there should be a greater policy discussion and might not be appropriate in what amounts to this primarily technical bill.

Definitions:

- Immature plant: We support the change in this language differentiating a flowering versus a vegetative plant, and getting away from the idea that any plant over 12 inches is a mature plant. We strongly support this change and hope to see it adopted on both the medical and the adult use programs.
- Removal of the definition of person: We are curious as to why this definition is removed and what positive impact this will have.

Sections 11 and 12: It is our belief that if a person intends to only package and then move products to the retail market, then that person should be required to qualify for an OLCC license. But, we also believe that processors and producers should have the ability to package in accordance with the OLCC adopted regulations without having to get a separate and distinct packaging license. In other words, packaging of products should be allowed for both growers and extractors without having to get a separate license, understanding of course that those license holders must comply with all the rules. A separate license for packaging should be issued specifically to someone who is receiving flower or finished product, and packaging it to forward on to a retail outlet but who otherwise operates without additional licensing.

Section 13: While the PAC is not opposed to bonding, this section raises a number of questions. How was the \$300,000.00 determined? Will bond companies be willing to issue bonds to a business that is not recognized as legal under federal law? What rates will be charged to secure these bonds? If a bond agency requires a 10%

payment, then a mere surety bond will cost \$30,000.00. One of the PAC's primary goals is to ensure that as many of the small and medium size growers as possible have access to the retail market. Placing a significant roadblock in the form of a bond may cause some producers and processors to opt out of the legal market. The PAC hopes that additional research will be done around this issue by OLCC and the Legislature.

Section 15: The PAC continues to advocate for streamlined access to recreational OLCC facilities. The easiest way to make this happen is to allow the taxes to be moved down to the retail level and to allow medical card holders to shop at OLCC facilities and not pay the recreation tax and to simply be over 18 years of age. The language in this section should not preclude that from happening.

Section 31: The PAC recognizes that this section is likely meant to mirror the police powers granted OLCC for liquor. We do hope that there is a serious conversation around how far reaching these powers will be for cannabis before this section is moved. Cannabis and liquor have different enforcement issues and police powers for liquor should not be reflective of the most appropriate way to regulate the cannabis market. The PAC is also interested in how this section interacts with the "home grow" component of 91.

Section 63: On the issue of taxation, this section restates what Measure 91 said in terms of local taxation and ordinances. The PAC hopes that this is the first step towards strong pre-emption language making it prohibitive for local government to add additional taxes or opt out in any way not allowed by statute.

Sections 91-93: Section 91 seems to allow the OLCC to hold back on issuing rules for all cannabis processors. For both edibles and extractions, the PAC would caution against delay as it will surely give rise to black market activities. There is a growing market for both these types of products on the medical side and we expect that need to carry over into the recreational market. This is both a technical and a policy issue and requires much greater discussion. The PAC would like to see this piece moved into a policy discussion before it is moved in a bill.

Thank you.