

Testimony on HB 3400-1  
Submitted by Geoff Sugerman  
Oregon Cannabis PAC

Chairs Burdick and Lininger, Members of the Committee,

We thank you for the opportunity to testify on HB 3400-1, the bill laying the groundwork for our new adult use marijuana program. The members the Oregon Cannabis PAC have said since our inception that we are willing participants in this program and stand ready to be part of this new system through licensure, regulation, reporting, inspections and overall accountability. Our members want to be legal participants who help form the foundation of this new industry going forward.

We believe many of the provisions of this bill provide OLCC with the guidance needed to draft rules and begin the implementation process. We do have some concerns about certain provisions that I will detail below.

But more than anything, as we enter this new legal market, we want to be treated by the state and local governments as any other new business; mindful of federal laws, the Cole memo and our impacts on our local communities, but provided the opportunity to establish and grow successful businesses that contribute to our state in a positive way.

A week or so ago, the OLCC convened a meeting of interested stakeholders to discuss some of the issues they presented to the committee several weeks ago. That first meeting turned into several meetings and we have seen wide agreement on some of the issues raised. A number of those areas are addressed in HB 3400-1, but an equal number need some modification.

These meetings included patient advocates, the chief petitioner of Measure 91, several of the groups who represent the industry, growers groups from across the state and key OLCC staff people. It was clear to me at the very first meeting of this group that we had much more in common than not, and our ability to work through issues of concern or disagreement has been fruitful. We hope to continue those types of broad based meetings, and we would encourage that they continue with the addition of legislators and/or legislative staff, agency staff and other stakeholders who may be able to help us work through some of these issues:

**Preemption:** We support the preemption language contained in this bill. Not only does it provide a workable method for cities and counties to opt out, it also allows for reasonable regulations around time, place and manner. This is the type of opt-out we believe was envisioned by the drafters of Measure 91 and approved by voters. It offers a fair and accessible way for communities to make their own choices about what they allow in their city or county.

**Production Limits:** We support the inclusion of a canopy size limit for indoor growers, and a corresponding plant limit or acreage level for outdoor growers that will provide relatively the same amount of annual production. Canopy sizes will be a strong benefit to growers because it will account for different methods of growing. Some strains may work better as small, numerous plants; others may prefer larger plants. This would also allow for a tiered model as envisioned in the bill which would allow the OLCC to authorize larger grows and demand for production increases. But these grows will still be inclusive so that we can include all of our current medical growers who want to be part of this new adult use market.

**Moving the Tax:** We also support moving the tax from the producer level to the retail level. This will allow a much more efficient taxation system that accounts for all of the products. By keeping this tax rate low, we will generate the revenue envisioned by Measure 91 while at the same time keeping the cost to consumer down to a level that will entice them to enter the legal market.

**Edibles:** On the issue of edibles, our PAC represents a number of edibles producers. We are encouraged by the change in this section that would require OLCC no later than January of 2017 to issue edibles licenses. And while we know there are concerns about dosage and labeling and packaging, the processors of edibles we represent are ready today to comply with the rules and regulations we develop. We believe that the inclusion of edibles at the time retail shops open is a goal that can be accomplished. We believe it will help the overall system to provide those products from Day 1. We would like to see this extension language removed — at least until we get a better sense of the rule making process. If an extension is needed it can easily be accomplished in the 2016 session long before the retail shops are set to open.

**Water and Energy:** The current version of HB 3400 includes language that requires a report on estimated water and energy usage be part of the application process. As part of our mission statement the Oregon Cannabis PAC is dedicated to a sustainable program that uses the best of technology to reduce our footprint on the environment and uses as little energy and water as possible. Many of our members already use water recollection programs, have worked to implement renewable energy sources and carefully monitor those activities. This is an area where we should be convening stakeholders to discuss issues and find ways to reduce our use of energy and water. There are well established programs in our state, and laws that clearly govern water and energy use, and we are willing to comply with those laws as any other energy or water user. We would prefer this report not be required as part of the initial application process. Instead, we would like to see this issue worked on over the next year without application requirements set in place, and we pledge that our members will willingly engage in sharing information about their operations to facilitate these discussions.

Overall we believe this legislation provides us with a strong framework to engage in the rule-making process. In most areas it strikes the right balance between delving too deep into the details while allowing a strong rule making program to take place with the proper framework provided by this committee.

Thank you.

Geoff Sugerman  
Oregon Cannabis PAC