

Testimony on SB 844

Matt Walstatter
Owner, Pure Green
matt@puregreenpdx.com

Meghan Walstatter
Owner, Pure Green
meghan@puregreenpdx.com

June 18, 2015

Co-Chairs Lininger and Burdick, Members of the Committee,

Thank you for the opportunity to testify on this important issue.

We are medical cannabis growers, dispensary owners and members of the Oregon Cannabis PAC. Pure Green, our business, is a small, family-owned firm that currently employs 10 Oregonians in living wage jobs. We are eager to participate in the new system for recreational cannabis where we will be licensed, tracked, inspected and generally held accountable for our work.

We are writing to urge you to support SB 844. This plan makes sense for a number of reasons. First and foremost, it will help shrink the black market, a top priority as we implement the legalization and sale of recreational cannabis.

When cannabis becomes legal on July 1, Oregon will have hundreds of thousands of consumers with no outlet to buy any marijuana products. If we fail to provide them with safe, licensed outlets to purchase these products, they will not simply wait until OLCC stores open on September 1, 2016 (assuming they open by then).

Many will head north to Washington. A recent Oregonian article noted that the highest grossing retail marijuana shop in Washington is located in Vancouver. The article said that 50% of the shop's customers are Oregonians. These sales represent tax revenue we could be keeping here in Oregon.

Others will turn to black market growers and sellers who will happily provide what they need. This will give black market growers a foothold in the industry, making it more difficult to dislodge them once legal sales begin. It will also incentivize black market growers to remain in the black market instead of encouraging them to join the legal industry.

That is the demand side of the argument. There remains a supply side argument as well. We know many cannabis growers who would like to participate in the legal system. Unfortunately, we produce significantly more cannabis in Oregon than we can legally transfer and consume under the OMMP.

This means growers without access to medical dispensaries are left with the choice of selling their product on the black market or letting it go to waste. It is neither a secret nor a surprise that a great deal of that product is diverted out of state.

As you know, out of state diversion was one of the federal enforcement priorities listed in the Cole memo. Anything that we can do to minimize it will help keep the federal government out of Oregon's business.

By opening recreational sales earlier, we provide a legal outlet for all of that cannabis. It can be legally sold to Oregonians instead of illegally sold in other states. This will bring a vast number of growers into the legal cannabis system, further choking off the black market.

Many small, family cannabis farmers who want to enter the legal marketplace are daunted by the task of compliance. SB 844 would open access to the legal market while easing these growers into the regulated system. This would help more of these craft growers, who comprise the backbone of Oregon's emerging industry, to make the transition.

Beginning legal recreational sales in 2015 will also help protect Oregon businesses. We currently have more than 300 dispensaries in Oregon, with scores more licenses pending. These shops are serving the same 70,000 patients that were served by 70 licensed shops a year ago.

We don't know of a single dispensary that is thriving in this over-saturated market. With so many more dispensaries coming online in the near future, the situation will only worsen. In fact, we know of several shops that have closed or will close shortly because of these conditions. This means the end of many Oregon businesses and the living wage jobs that they create. Opening recreational sales early would throw us a much-needed lifeline.

We know that it is a priority of this Legislature to make sure Oregonians participate in this industry and to make certain that the majority of the jobs and revenue generated in this nascent market remain in Oregon. By starting recreational sales at Oregon medical shops, we insure that the first group of recreational businesses are locally owned, operated and staffed. We may find that these shops can adequately serve all of our state's cannabis needs, in which case we will have built a uniquely Oregonian industry.

Some patients and medical marijuana activists have expressed concern that we would have an inadequate supply of cannabis to serve both the medical and recreational markets. As a patient who requires medical cannabis daily in order to eat, I understand these concerns.

We believe, however, that they are misplaced. As noted earlier, Oregon produces more cannabis than it consumes. In any case, October 1 would be the perfect start date for early rec sales. Even if we found that demand outpaced the supply of indoor cannabis, the outdoor harvest season begins in October and we would have access to all of this product by early November. This would keep most of Oregon's sungrown cannabis in Oregon and continue to fuel local economies.

We understand the challenges that you face in implementing the new, legal cannabis market. We appreciate your efforts thus far. Meghan and I would be happy to answer any other questions that you might have. We have attached our contact information in case you would like to discuss this issue further.

Thank you for all of your hard work on this historic endeavor.