

**Testimony**  
**Joint Committee on Marijuana Legalization**  
**February 2, 2016**

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Dear Co-Chair Burdick, Co-Chair Lininger, and Joint Committee members,

Thank you for the opportunity to speak today. Thank you for all the work, commitment, and resources that you have made to cannabis legislation and public policy.

**Background**

- I am 57 years old.
- I entered the cannabis industry in 2013 after learning of medicinal therapeutic properties of cannabis for cancer and other diseases/medical conditions.
- We operate two (2) dispensaries; two (2) grow sites; an extraction/processor laboratory; a medical research company; and an emerging wholesale company.
- These operations are spread between Deschutes, Washington, and Multnomah Counties.
- I served on the OLCC RAC Grow Sub-Committee and now serve on the OHA RAC.

**Why am I here today?**

- Support and protect the interests of medical cannabis patients, growers, and processors.
- Am most interested in the smaller, artisanal medical cannabis growers who have generally produced the highest quality medical cannabis in Oregon, if not the world.
- Discuss the “opt out” by counties and other jurisdictions and how this “opt out” affects medical cannabis patients and growers.
- Discuss the OHA RAC process and how it is affecting medical cannabis patients and growers.
- Like health care, the issues are cost, quality, and access for cannabis and patients.

**Complexity of Laws, Rules, and Statutes**

- I am NOT sure that I understand all of the details of these new bills (HB 4014 and SB 1511) and the amendments. And, when you think you understand a bill, a new amendment or amendments are produced. So if I am incorrect on some assertions or comments, I apologize in advance.

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## **1. The Small Medical Grower and Related “Opt-Out” Problem**

If one is a medical grower in an “opt-out” jurisdiction, one may be shut out of having the ability to sell medical cannabis product. Why? A medical grower CANNOT “opt in” to the OLCC licensing program without a LUCS. “Opt-Out” jurisdictions will NOT issue LUCS to medical growers. OLCC licensed dispensaries and processors will NOT accept product from unlicensed sources. Most all dispensaries, including mine, will “opt in” and pursue expanded access and will be subject to OLCC licensing rules and product sourcing. We wish to source cannabis product from medical cannabis growers, especially many of the smaller, artisanal ones who may NOT gain a LUCS.

### **Proposed Recommendation Solution:**

1. Pursue expanded access for OLCC licensed retail facilities.
2. Permit the co-location of an OHA registered OMMP dispensary with an OLCC licensed retail facility. The owner will have duplicate operations and expenses, but then the co-located facility can serve both medical patients and adult use customers. Medical and adult use cannabis products will have separate inventory management. Patient/customer service areas will be separated. A shared waiting area should be permitted.
3. The result is that smaller medical cannabis growers who CANNOT gain a LUCS or who do NOT want to enter the OLCC licensed system have an outlet for their product.

## **2. The Cannabis Processor Problem**

Medical and adult use processors of cannabis should be permitted to be co-located and to receive product from any OHA registered medical grow site and OLCC licensed production facility. Duplication of processor facilities should be avoided. The question is whether or not the OLCC will permit a shared processor approach. Another processor concern is that patients and growers seek to use processors for these reasons:

- Produce extracts, concentrates, etc. as medicine
- Produce extracts, concentrates, etc. for re-sale to dispensaries

Patients and growers do NOT want processors to make all the revenue from extract, concentrate, etc. sales. Historically, processors produce extracts, concentrates, etc. for patients and growers and payment is generally a “split” of the resulting extracted product (e.g., 60% to patient/grower and 40% to processor). In some cases, the processor will charge a fee per lb. processed or gram produced. Some processors will buy trim and other product input material from patients and growers. In this latter case, there is no reason to return product to the patient or grower after processing. Most patients and small growers will NOT have their own processor laboratory.

### **Proposed Recommendation/Solution**

1. Permit medical and adult use processing to be a co-located operation so long as the OLCC tracking system is used for overall management. Medical and adult use input and output inventory will be carefully tracked.

2. Permit processors to return produced extracts, concentrates, etc. to patients and growers after processing on a “split” or fee basis. Patients and growers should not have to go to a dispensary or retail facility to receive their extracts, concentrates, etc.

### **3. Problem: “Grand-Fathering” of Medical Grow Plant Limits**

The 12/24 and 48/96 mature plant limits as of 12/31/2014 are acceptable. The problem is that the language wording in H.B. 3400 seems to require that the grower/patient in place on 12/31/2014 must remain at the same grow site in order to qualify for “grand-fathering.”

#### **Proposed Recommendation/Solution:**

1. Maintain the mature plant count as of 12/31/2014 for a specific grow site.
2. Allow the grow site and growers to “re-set” their specific growers and patients with the OHA/OMMP to meet the “grand-father” allowed limit.
3. Going forward after this “re-set” as of the operative date (now being discussed as 5/1/2016), any patient or grower who leaves registration with a specific grow site will result in lower mature plant counts for the specific grow site down to the 12 or 48 minimum levels.
4. The above recommendations keep the intent of the law and permit grow sites to be more prepared for the future.

#### **Proposed Language Change to H.B. 3400**

##### **CURRENT LANGUAGE**

(Grow Site Possession Limits)

SECTION 82. ORS 475.320 is amended to read:

b) Subject to subsections (5) and (6) of this section, if each person responsible for a marijuana grow site located at the address first registered with the authority under ORS 475.304 before January 1, 2015, no more than the amount of mature marijuana plants located at that address on December 31, 2014, in excess of 48 mature marijuana plants, not to exceed 96 mature marijuana plants, may be produced at the address.

##### **PROPOSED LANGUAGE**

**b) Subject to subsections (5) and (6) of this section, if the total number of persons responsible for a marijuana grow site located at the address first registered with the authority under ORS 475.304 before January 1, 2015 had in excess of 48 mature plants, then no more the number of mature marijuana plants located at that address on December 31, 2014, not to exceed 96 mature marijuana plants, may be produced at the address, so long as the persons responsible for marijuana grow sites remain the same. If the persons responsible for marijuana grow sites change, then the mature marijuana plant counts are reduced on a commensurate basis.**

#### **4. Problem: Sale of Only CO2 Vape Cartridges Under Early Sale Expansion**

The choice to only endorse CO2 vape cartridges is a poor one. Many of the best products we eat or take as medicine (e.g., decaffeinated coffee) are made through hydro-carbon production for the following reasons:

##### **Why Hydrocarbon Supercritical Solvent?**

- No hydrophilic bonding in the extraction
- No hazardous greenhouse gasses to release.
- Higher yields than CO2.
- Over a 100% more energy efficient vs. CO2.
- Less polar than CO2.
- Pure Hydrocarbons are recognized as safe by the FDA.
- CO2 has a higher potential for concentrating water soluble contaminants.

CO2 is NOT necessarily the best or healthiest method of extraction. CO2 and solvent free extraction have their own dangers given additives to the vape cartridges that once heated can turn into harmful substances for one's health (e.g., formaldehyde).

##### **Proposed Recommendation/Solution:**

1. Under the early sale program, please expand vape cartridges sales to all types of extraction processes that are laboratory tested.
2. Impose specific parts per million ("PPM") thresholds for hydrocarbon extraction. A safe threshold is 50 PPM.
3. Consider safety regulations related to the amount of glycerin and other additives in vape cartridges in addition to the pure extracted cannabis oil.

#### **5. Deschutes County and Temporary "Opt-Out"**

Documents have been presented to the JC that discuss Deschutes County and the desire of some citizens to request residency requirements and for cannabis to NOT be considered a crop for farm purposes. The Deschutes County Commissioners are facing a battle between generally large, land owner "prohibitionists" and cannabis operators who seek to abide by reasonable time, place, and manner ("TPM") regulations. The landowners usually have large tracts of EFU property and are not really farmers. In most cases, these properties have been purchased for their bucolic, rural settings. The landowners perceive cannabis producers as disturbing their bucolic views.

As Commissioner Alan Unger testified, there is a real conflict brewing in Deschutes County between these groups. The Deschutes County Planning Commission and the Commissioners themselves created reasonable TPM rules. However at the very last meeting in December 2015, the Commissioners voted for a temporary "opt out." The Commissioners want to impose reasonable TPM rules, but they fear doing so due to "right to farm" legislation.

From my perspective, the Deschutes County Commissioners are looking for political cover from the legislature. The unintended consequence of this “opt out” vote has been the re-location of cannabis operations into the City of Bend UGB. Now Bend has no industrial space availability left, and some businesses are being forced out of existing spaces by higher paying cannabis operators. The last thing we want for economic development is for crop production and related operations to take up valuable industrial space in a city’s UGB. The City of Bend is very upset at the county’s inability to develop reasonable TPM regulations.

**Proposed Recommendation/Solution:**

1. The JC perhaps should write the Deschutes County Commissioners and encourage them to establish reasonable TPM rules.
2. The Oregon Farm Bureau already has agreed NOT to raise any legal action in relation to “right to farm” issues.
3. Accept the recommendations/solutions related to co-location of dispensary/retail facility and processor operations described above.

**6. Problem: OHA Readiness**

As an OHA RAC member, the OHA is NOT ready to implement and enforce all of the new laws related to H.B. 3400 and new proposed legislation.

**Proposed Recommendation/Solution:**

1. Extend the operative date of H.B. 3400 from March 1, 2016 to December 31, 2016 or some later date.
2. Provide more direction as to legislative intent to the OHA in regard to medical cannabis regulation.

**7. Industrial Hemp**

Please pass the industrial hemp legislation. Cannabis farmers and industrial hemp farmers need to co-exist in Oregon. Both crops are good revenue generators and job creators. Industrial hemp products, including CBD oil, should be permitted to be sold in both OHA registered dispensaries and OLCC licensed retail facilities.

**8. Medical Research**

I entered the cannabis industry when very good friends of mine developed stage 4 cancer. After thousands of hours of research and now working with actual medical cannabis patients, I can testify that medical cannabis taken in the proper form and dose can cure cancer. For how long? I am not sure. Simply stated, cannabis has unusual therapeutic qualities that result from our body’s endogenous cannabinoid system (“ECS”) working in concert with our human nervous and immune systems.

The molecular biology of cannabis-induced cell signaling pathways is so complex that PH.D. researchers and physicians will take years to determine how these processes work, including the cell signaling pathway related to apoptosis (programmed cell death) and autophagy (cell repair at amino acid/DNA level) with cancer cells.

The video documentary of Raphael Mechoulam, Ph.D., the Israeli researcher and international leader of cannabis research, is described in the video documentary:

<http://mechoulamthescientist.com>

Please take the time to watch this documentary. It is a good introduction. Over the next few years, we will hopefully lead a medical cannabis research revolution in Oregon that proves the medicinal benefits of the plant. This medical research will be outcomes based through observational studies, because formal human clinical trials require FDA approval, which will be difficult to attain in the short run.

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Thank you again for your work, commitment, and resources.

Sincerely yours,

Bob Blake