

Co-Chair Burdick, Co-Chair Lininger, members of the committee,

For the record, my name is Mike Kirkwood. Feel free to ask questions at any time.

I'm the CEO of a recreational cannabis wholesaler in Oregon, Eek. Eek is also a registered software integrator with Franwell. METRC in the state of the Oregon.

First, thank you for working so hard to give us this chance. It's an opportunity for good change for individuals, businesses, our state, and the world. Your hard work and diligence is making a big difference.

I want to thank the OLCC. In taking on this initiative, you have moved us all forward to a brighter future. Eek wants to thank Lindsey, Emily, Sarah, Neel, Danica, Jase and the host of others that helped us get our wholesale license. The team we worked with has been fair, diligent, and extremely hard working.

We also want to thank Franwell, the makers of METRC. We appreciate the work they've done for Oregon and supporting our team.

2017 is crossroads in this new marijuana industry. We feel we must work even harder to promote our industry in 2017.

To help grow Oregon's position in this new market, Eek suggests these 5 items:

0) Fix the issues with small farm conversions to the recreational OLCC market. Let all OHA farmers who reported in 2016 and going forward to opt-in to bring their product to market in 2017. Let's stop the black market, let's promote our legacy of small conscious farmers by opening up our systems for these small farmers. Our compromise is to charge them either:

- A. \$500 per year to use METRC (\$460 to Franwell, \$40 for admin costs), or
- B. Have them register their plants, harvests, and packages with a Recreational Wholesaler or Recreational Producer, similar to the way they register with the OHA today.

1) Set up a new commission, the Oregon Cannabis Board. To be funded by the OLCC tax revenue to promote Oregon cannabis internationally. Fund it at the same level as the Oregon Wine Board @ \$1.5m

2) Keep stringent, per batch pesticide testing protocols in place. Create a long term value for Oregon grown products as being the best quality. It is possible that Oregon could gain worldwide premium prices and create. Continue to adjust testing protocols for ease, efficiency, and Oregon Tilth (organic) standards

3) To help conjoin medical and recreational industry, change the terminology from Recreational to Compassionate. Compassionate covers all the cases and intent of this product. Cannabis is not a direct replacement for alcohol. It is more, and people have risked their lives to keep it alive in Oregon. And the world.

4) Aggressively pursue exports for Oregon marijuana. Lobby with the Federal Government. Make agreements with Germany, Australia, Israel, Columbia, Canada, California. This industry is positioned to be a lever in changing the balance of power. Let's bring friends to Oregon. Let's build new relationships. Let's leverage our past into the future.

Legislative Concepts for the strategic development of legal cannabis industry for Oregon in 2017

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Below are legislative concepts we seek to assist Oregon in increasing economic development for the future.

1. Focus Oregon research funding on refining the use of cannabis for pain & nausea first

Summary

In 2017 the US federal government completed a peer review to provide guidance to the areas where cannabis shows efficacy.

At that time, it was proven that cannabis assists pain.

This legislative concept suggests Oregon fund research in Oregon to further isolate which products are best suited to different categories of pain.

Ask for assistance from the Public IBR to support cannabis research certificates.

Expected Fiscal Impact

1. Minimal change to existing proposal HB 2197

Expected Revenue Impact

1. Lowest hanging fruit to further bolster Oregon's compassionate legacy
2. Huge future opportunity to provide alternatives for \$20b opiate and \$20b analgesic US markets with a better alternative

3. Provides Oregon researchers, producers, and entrepreneurs a leg up on defining the important medical markets

Specific acts

1. Suggest focusing HB2017 on pain, add a new bullet Page 1, line 15. (D) To develop and improve cannabis and cannabis-derived products;practices with respect to the reducing chronic pain
2. Also suggest removing other parts of HB2017 that aren't focused on medical research, or sponsoring another bill.

2. Promote the success of small outdoor farms by tweaking license fee structure, reducing number of video camera on canopies, and streamlining METRC plant and plant batch reporting

Summary

Oregon has unique history and capabilities with outdoor cannabis farming.

Reward these farms with a reduction in the cost of their producer license and reduce the requirement for video cameras on the properties to be more realistic and allow small farmers to thrive and join in.

Expected Fiscal Impact

1. Easier administration and support

Expected Revenue Impact

1. More farms convert from black market, more small and local farmers successful businesses
2. Farmers will be more efficient and compliant

Specific acts

1. HB 2198 has several adjustments that could allow this to be incorporated
2. LC 1882 has several adjustments that could allow this to be incorporated

3. Provide a second chance for cannabis farmers who have 2016 medical crops to opt in, and sell crops in 2017 recreational market under certain conditions

Summary

Allow all OHA growers that have recorded inventory sales and with their 2016 by February 28, 2017 crop to opt in their remaining inventory as micro grows.

Remove video requirement requirement and premises requirement. Require testing, LUCS, and METRC, and a one-time fee to bring product into recreational market in 2017.

Maybe make this eligible for export only?

Expected Fiscal Impact

1. Reward farmers playing by the rules of OHA
2. Enable smaller farmers to meet the minimum requirements to participate in growth of recreational market
3. Provide a way to reduce black market alternative
4. Less OHA time and effort with courts, jails, and other measures

Expected Revenue Impact

1. More taxable revenue
2. More investment in 2017

Specific acts to be enacted

1. Could be added into SB 300 as a framework for transition

4. Create fund to promote Oregon (outdoor / craft) growers

Summary

Bring tourism, investment, and stability to Oregon's premier compassionate crop.

By creating a Oregon Cannabis Board, Oregon can embrace it's place in the new world of legal cannabis as one of the top locations in the world to grow, innovate, and share our knowledge

Expected Fiscal Impact

1. \$1,500,000 from moneys collected by OLCC go into fund yearly, like the Wine Board

Expected Revenue Impact

1. Marijuana is the largest potential outdoor crop in Oregon
2. Additional taxes from additional sales
3. Additional taxes from additional services (transportation, hotels)
4. Promotes farms that are investing in the business
5. Create tourism revenue
6. Generate a sense of stability and support for industry
7. Validates the premium nature of Oregon's sun grown products

Related legislative actions

1. SB 316 created for the Oregon Wine Board, Provides for Oregon Liquor Control Commission to pay \$1.5 million of wine production and distribution tax revenue to board account each year for board use to carry out program.

5. Build a compassionate commission to execute getting legal exports.

Summary

Create a platform to benefit Oregon by addressing the legal status of cannabis across the US.

Explore an emergency bill in congress to get legal cannabis approved for sale across state lines. Promote Oregon's unique ability to grow cannabis outdoors.

Hire federal lobbyist feds to request the US support.

Create relationships and agreements with other legal recreational legal states, legal, medical states, and legal countries of cannabis products

Expected Fiscal Impact

Minimal fiscal impact expected

1. Federal lobbyist
2. Local forums to collect information
3. Marketing
4. Better local pricing (less internal competition)
5. More labs, etc.

Expected Revenue Impact

1. Major commerce opportunity leading to new state taxes

Specific acts to be enacted

1. TBD (Australia)

6. Seek partnership with California on rules alignment, free trade zone, and research investments

Summary

Orchestrate alignment in the rules between states to give the US an advantage in this market. Build free trade zones between states. Co-create common set of rules to align business activities in the state and promoting farms

Expected Fiscal Impact

1. Costs to orchestrate, participate, and draft amendments to Oregon law

Expected Revenue Impact

1. Increased commerce and taxes

Specific acts

1. TBD

Other observations / suggestions on existing bills to increase fairness in representation

1. In HB 2198 change Section 2 (1) from "One commissioner must be from the food and alcoholic beverage retail industry. Four commissioners must be from the cannabis retail industry." to "One commissioner must be from the food and alcoholic beverage retail industry. One must be from a health provider. Three commissioners must be from the cannabis retail industry, with one being from a retailer, one from a producer, and the other from wholesaler."
2. In HB 2198 change section 10.b from "(h) Two members of the public who are advocates for the medical use of marijuana" to (h) One members of the public who are advocates for the medical use of marijuana & (i) One member from the licensed wholesalers."
3. If the batch size was 10.1 vs. 10.0 lbs, farmers could sell a full 10 1lb packages.

Specific rules / tools that noted to be difficult in today's system

4. From Producer: Overall, METRC needs better system. Takes 2X what should take
5. From Producer: METRC should allow updates to data rather than having to destroy a plant
6. From Producer: Ability to manage changes better in the application (are you sure prompt at least) for all key changes. Right now a waste of tags because changes require to throw them away.
7. Ability to see a 'per facility', 'per user', etc. change log
8. From Producer: Ability to see completed transfer
9. From Producer / Wholesaler: Overnight storage to be allowed in vehicles that have approved lockbox
10. Reduce tag cost. Is it fair, will it go down?
11. METRC plant batches time out for farmers, causing manual effort to apply watering, nutrients, and other items