

April 10, 2017

Hello Joint Committee on Marijuana Regulation Members,

I am a small medical grower. **I grow for 2 patients in an indoor environment** (~200sq feet in my shop building next to my house, on over a half an acre of property). Because I live in a residential zone in an Opt-out city, I am only able to have a medical grow license under the current laws. I use carbon filters, changed annually, to contain odors that some people might dislike. Unless you are actually in my shop, you wouldn't even know I was growing Cannabis plants. There is more Cannabis smell in the cities coming from the unregulated 4 plant home growers now than there is from indoor OHA growers.

Since Jan. 1st, **I have seen the market for medical Cannabis totally go up in smoke**. The 3 dispensaries I worked hard to establish relationships with from 2015-2016 have switched to OLCC licensing and are no longer able to buy from medical growers. The few remaining medical dispensaries are only buying from their own house growers, or they are small and don't buy much product, or they are simply paying far less than the actual cost of growing. **Unless this legislature makes a change this session to immediately allow medical growers to sell their product into the OLCC stores, I will be dropping my patients and discontinuing my grow operations**. Because OHA growers put their products through the exact same testing regiment as OLCC growers, I do not understand why medically grown Cannabis can't be entered directly into the METRC system. The system already allows for medical dispensaries to enter their "grandfathered" inventory when they join the OLCC system and become an OLCC dispensary -- so there is certainly a way to enter in bulk product that was not originally grown in the OLCC system.

I would also like to dispute the 75/25 rule that is being tossed around in current bills, i.e. that Medical growers should be required to give away for free 75% of their crops and can then only sell 25% of their crops. **There is no indoor grower that I know of that can viably operate under this ratio**. It seems to be a number pulled out of the OLCC Director's head, with no actual basis in reality. Even after listening to the audio from the meetings of the OLCC bump-up committee, they did not come close to suggesting such a ridiculously high number for the OLCC opt-in growers. **I currently give away approximately 20% of my crop to my 2 patients, as well as subsidize the cost of their patient cards**. With 5 grows per year, and assuming no losses to pests, mold, or fungi, I have a Gross revenue of \$4,695 per year. I figure I work about 12 hours a week on this small medical business, so 624 hours a year. **I end up making about \$7.50 an hour, or less than minimum wage**. And that does not even figure in the thousands and thousands of dollars I invested in equipment, as well depreciation cost and the lost use cost on my structures and land. My opinion is that if the Legislature deems it necessary to require Medical growers to give away their harvest, **they should make it a 10/90 rule...require them to give away 10% of their product...and allow them to sell the other 90% as an incentive for their altruistic endeavor**. And if the legislature really wants to make it a fair system, they should also require Dispensaries and Processors (both OHA and OLCC), to give away 10% of their product to indigent patients. Why put the entire burden on the OHA growers, who are already making a pittance for their labors? **We do not require Doctors, or Pharmacies, or even Charities to give away any of their services or revenues, let alone 75%, in order to get a license**. I do not even know why the Legislature feels it is necessary to get in the middle of Grower-Patient agreement terms that have worked so well for years.

Finally, **I would like to recommend the current unlimited cap on immature plants remain in place for medical growers**. This allows for an additional (albeit small) source of revenue for these growers by allowing them to sell their excess small clone plants to other growers. The current OLCC dispensary market is not suited for live plant sales, and the few dispensaries that do sell plants are price gouging consumers. The only way to get plants at a fair price is from other growers, so I would like to see the limits for small vegging plants remain unlimited.

Thank you for your time and consideration,

Bob Toole, West Linn

Expenses and Revenue - 2 Patient indoor medical growsite

Expenses	Cost Basis	Times per year	Total per year
Electric (lights, fans, heating and cooling)	350 per month	12	4,200.00
Fertilizer	20 per month	12	240.00
Pesticide	20 per month	12	240.00
Soil, pots, carbon filter replacements	150 - 5x's a year	5	750.00
Bulb replacements	500 per year	1	500.00
Equipment depreciation and replacements	1200 per year	1	1,200.00
Trimming cost (\$200/lb * 2.5lbs)	500 - 5x's a year	5	2,500.00
Lab costs	425 - 5x's a year	5	2,125.00
Packaging, Marketing, Delivery expenses	50 - 5x's a year	5	250.00
Grow site fee and patient card subsidy (\$400 * 2 patients)	800/year	1	800.00
Expenses sum =			12,805.00

Revenue

Dry Flower - 2.5lbs per harvest. Minus 0.5lb patient free allocation (20%) = 2lbs total per harvest for sale. Average sale price is \$1600/lb

3200 - 5x's a year	5	16,000.00	
Trim to processors - 1lb per harvest, \$300/lb average	300 - 5x's a year	5	1,500.00
Revenue sum =		17,500.00	

Gross Profit = \$4,695 / year

Grower labor, average of 12hrs a week * 52 weeks = 624 hours per year

Grower pay/hour = **\$7.52 per hour**

*Doesn't include initial startup capital, nor money lost from depreciable structures and lost use of land