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April 17, 2017

TO: Joint Committee on Marijuana Regulation

RE: SB 1057 -14

The following comments and suggestions relate to Sections 38a and 38b (Tracking).

The committee should reconsider concepts presented HB 2198 which would have simplified the process of OLCC licensure for current OMMP growers.

If tracking is required of both growers and OLCC producers as SB 1057 -14 mandates, then OMMP growers need to be able to sell excess product to OLCC outlets if certain conditions are met. Indeed, METRC is intended to ensure accountability so if OMMP growers are willing to comply, have in fact applied for an OLCC license and met all applicable local ordinances they should be able to sell surplus medical product to what for the most part used to be OMMP dispensaries.

Up until Jan. 1, 2017 all outlets were OMMP dispensaries and the system worked well for both OLCC producer applicants and OMMP growers despite the 1/4 oz. recreational sales limit. Thus fears of market flooding from allowing medical sales into the OLCC system are unfounded.

Unfortunately, as of Jan. 1 the system is severely broken for OMMP growers who suddenly find themselves with no legal market since most remaining OMMP dispensaries are "vertically integrated" and have no market for additional production. Clearly the medical market has collapsed and become severely flooded so the only outlet for people who cannot afford the overly burdensome security requirements, METRC, etc. should be obvious.

In addition, OLCC applicants face undue time constraints given they cannot sell product until a license is actually issued. Processing time for applications is currently several months so the situation has the potential to put many people out of business - or alternatively transfer to the black market.

Hopefully, the committee will consider additional amendments to compliment sec. 38a and b in order to provide equity to prior market participants.

Thank you.

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