

April 29, 2017

OLCC Joint Committee on Marijuana Regulation
Oregon State Capitol
900 Court Street NE, Room 453
Salem, Oregon 97301

Tier Structure for Processors

Committee Members:

We recognize Oregon has been a leader in creating a framework for the cannabis industry. We are among the Oregon entrepreneurs encouraged at the prospect of being able to help provide a new job source with a diversity of products, such as salves, lotions, creams and bath salts but are dismayed at the inequity of the licensing fee structure for processors.

In looking through OLCC licensing requirements of producers and wholesalers, we find there is a graduated tier/fee structure which is unavailable to processors at this time.

We have also reviewed licensing fees for both liquor licenses and other agricultural licenses and find there is a huge price disparity with the cannabis industry being charged at approximately 400% more than any other agricultural business or liquor license.

Since you have set a precedent by establishing a graduated licensing fee structure for a portion of the cannabis industry, the same consideration for processors is now appropriate.

It is our request that you extend the graduated licensing tier/fee structure to reflect a more equitable distribution of fees.

Our recommendation is that fees should be income based and similar to that of producers. While the four tiers you have established for producers relate to canopy size, the tiers for processors might reflect the following:

- \$1,000 for annual sales incomes \$100,000 or less
- \$2,000 for annual sales incomes between \$100,000 and \$200,000
- \$3,000 for annual sales incomes between \$200,000 and \$300,000
- \$4,000 for annual sales incomes over \$300,000

In addition, all state renewal fees for every other segment of any business in Oregon reflect a much smaller fee.

Based on this, we believe an annual renewal fee of 10% of the initial licensing fee is in keeping with Oregon business policy and the licensing fees you have already established.

While the legalization of the cannabis trade may feel a bit like the gold rush of the 19th century, we believe Oregon can still generate wealth for its population while allowing its budding commerce to thrive and eliminate the black market.

Respectfully,

Phyllis Copeland copeland01@centurytel.net
Lin Ahearn ahearn@9thvirginia.com

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We would like to present this idea to the committee and be put on your agenda. Your next meeting is coming up on May 2nd and we will be present at this meeting unless this is too rushed and you want to put us on another meeting agenda.

Please let us know when the best time to be present at a meeting to discuss this subject, tier structure for processors.

Thank you,

Phyllis Copeland copeland01@centurytel.net
Lin Ahearn ahearn@9thvirginia.com