

From: John Sajo [<mailto:johnsajo@hughes.net>]
Sent: Tuesday, May 16, 2017 9:45 AM
To: adam crawford <adam.crawford@state.or.us>
Subject: HB 2198 and amendments, please forward to committee members

Memo: Supporting HB 2198
To: The Joint Committee on Marijuana Regulation
From: John Sajo, Director of the Umpqua Cannabis Association

Thank you for the opportunity to discuss the regulation of marijuana once again.

I urge you to please support HB 2198 and specifically the -17 amendments.

I understand that this committee is trying hard to create a viable marijuana system that satisfies the Cole memo by minimizing diversion. Allowing medical growers to sell into the OLCC market is critical to achieving this goal. Medical marijuana growers continue to be the foundation of the OMMP, providing free or extremely inexpensive medicine to patients who cannot afford to buy cannabis products at OLCC stores. Subjecting these compassionate growers to expensive OLCC tracking and inspection but denying them access to the market to cover their expenses is a cruel nightmare. It will drive many out of business or into the black market. The patients that they take care of will lose their supply of medicine and suffer greatly.

Please eliminate the restriction only allowing medical growers to sell 20 pounds into the system. This amount would not even cover the expenses for some growers. As prices fall, which they should as the supply expands, the revenue for medical growers will drop even further. Is there going to be a limit on how many pounds an OLCC producer can sell at some point?

Please reconsider the directive that OMMP growers be the first to be shut out of the legal market. This makes no sense and punishes those that help patients for free and rewards those who came late to the party but have significant wealth. This policy seems designed to stimulate diversion, not to eliminate it. It is inevitable that at some point the supply of marijuana from legitimate Oregon sources will exceed the demand. New businesses continue to apply for OLCC producer licenses. At some point, the market will be saturated and OLCC producers will possess large amounts of cannabis that they cannot sell. When the market becomes saturated, diversion from OLCC producers will emerge as a much larger problem than diversion from medical gardens because the scale of OLCC farms is much greater. The tracking system is a band aid on a dam about to burst. Here is a link to an article from Colorado reporting on how ineffective the tracking system is at stopping diversion:

<http://www.occnewspaper.com/colorado-seed-to-sale-system-leaking-cannabis-into-black-market/>

The best way to minimize diversion is to provide a legal path for those growers that already exist. While it might be desirable for all growers to become OLCC producers this is impossible because you allowed local governments to opt out and to over regulate so that most medical growers cannot get OLCC licenses even if they want to. The wisest policy is to embrace the gardens that already exist and are serving the crucial function of supplying medical marijuana to those who patients who cannot afford to buy it. I continue to be disappointed that this committee spends so much effort to make life difficult for medical growers but spends no effort at developing a long term system where the Oregon Health Plan provides medical marijuana to some qualified patients. That is the long term solution.

Favoring new OLCC gardens, that may be owned by wealthy out of state investors, over existing medical gardens with roots in compassion and care for the poorest and sickest Oregonians is bad policy. Please allow medical gardens full access to the market by passing 2198 without the arbitrary 20 pound limit.

I also urge this committee to find a way to solve the underlying problem that creates diversion – federal prohibition. In 2015, the Oregon Legislature passed a resolution calling on the United States Congress to deschedule marijuana. That is the solution. Please pass another similar resolution reflecting the will of

the people of Oregon that marijuana be descheduled under federal law and that work begin on developing the rules that will govern intrastate commerce in cannabis. Considering that Oregon is now spending millions of dollars on a tracking system that doesn't really work, we should make actually changing federal law a priority and spend an appropriate amount of money on work toward that ultimate solution.

Thank you for your consideration of these ideas John Sajo, director Umpqua Cannabis Association
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