



March 18th, 2020

To: Co-chair Sen. Roblan, Co-chair Rep. Holvey, and the Members of the Special Joint Committee on Coronavirus Response

Re: Coronavirus Relief for Cannabis Businesses

Dear Honorable Members of the Special Joint Committee on Coronavirus Response,

On behalf of the Oregon Retailers of Cannabis Association's board of directors, and our 400+ member businesses, we would like to draw your attention to the dire financial situation the coronavirus poses to the cannabis industry and the need for support.

The cannabis industry is uniquely vulnerable to economic downturns and chaos because of our federal status as a Schedule One drug. Because we are a relatively new industry and still competing with a rampant illicit market, we are subject to higher costs and volatility. For example, due to cannabis's federal status, financial services and products normal businesses may access to weather a crisis are generally unavailable to cannabis businesses. This includes access to bankruptcy court, business and other loans, public investors, and federal financial relief programs among many others.

Additionally, it is important to remember that because of federal tax law, the only thing cannabis businesses can deduct from their taxes is the cost of goods. That means it generally costs ~20% more for cannabis businesses to provide benefits like sick leave.

In summation, cannabis businesses are subject to more regulations and costs without access to the most basic financial services or support - which is why we are asking for your attention to help provide relief to this essential and revenue-generating industry.

Cannabis Industry Requests:

1. **Please ensure that cannabis businesses in Oregon are as able to qualify for relief aid as any other business could.** Cannabis businesses have never been able to qualify for any federal programs or aide and we have to assume that will continue being the case. This is significant because it means that we are entirely dependent on the state for support in times of crisis.
2. **Do not force the closure of cannabis businesses.** As noted above, cannabis businesses are very financially stressed already due to a lack of financial services, prohibitive federal status, and unfair tax policies. Staying solvent was already a daily challenge for many of them. Being forced to shut down would force many businesses to close permanently - and this would disproportionately harm and shutter locally owned mom-and-pop sized small businesses.



Additionally, cannabis stores should remain open because they are providing a valuable and often essential service to their customers and patients - many of whom experience tremendous therapeutic benefits from cannabis but do not have medical marijuana cards due to the exorbitant costs to get one. Forcing the closure of shops would not only drive many businesses to close permanently, but it would also drive many cannabis consumers back to the illicit market.

- 3. Direct the Treasury to issue bonds that would back business loans to the cannabis industry.** The cannabis industry in general does not have access to institutional lenders and getting business loans or even lines of credit has been incredibly hard for cannabis businesses. Private loans are also very hard to get for the industry and can take months to be approved because of OLCC regulatory restrictions. If the state were able to help with a solution, it would create an important safety net for the industry and possibly create an additional revenue source for the state through interest on the loans.
- 4. Allow retail cannabis businesses to temporarily keep cannabis sales taxes and/or make relief aid available to help them expand paid sick leave policies and comply with recommendations for protecting the public health and safety.** Providing things like paid sick time costs cannabis businesses about 20% more than other businesses because of the federal tax laws. We would deeply appreciate your support and attention in helping the industry afford to follow the recommended health and safety practices.

We are open to other options and solutions, but our primary goal is to draw your attention to the dire situation this crisis poses to the legal cannabis industry and begin a conversation about potential solutions. We look forward to working with you as much as possible over the coming weeks and would appreciate your thoughts and feedback.

Thank you for your attention and consideration in these very challenging times.

Sincerely,

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